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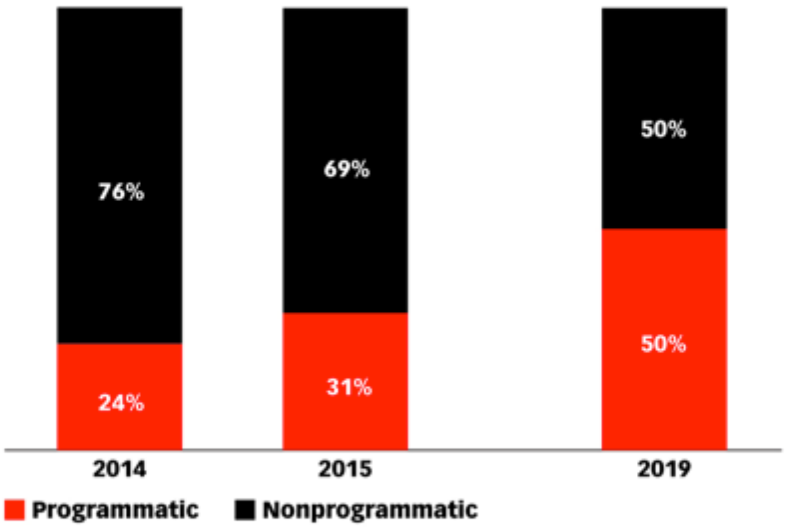
Leading the Automation of Advertising

Trends in the World of Programmatic Advertising: Publisher Alliances

Berlin, 22 March 2016

Around one third of the worldwide digital Ad Spending was already programmatic in 2015, increasing to 50 Percent in 2019

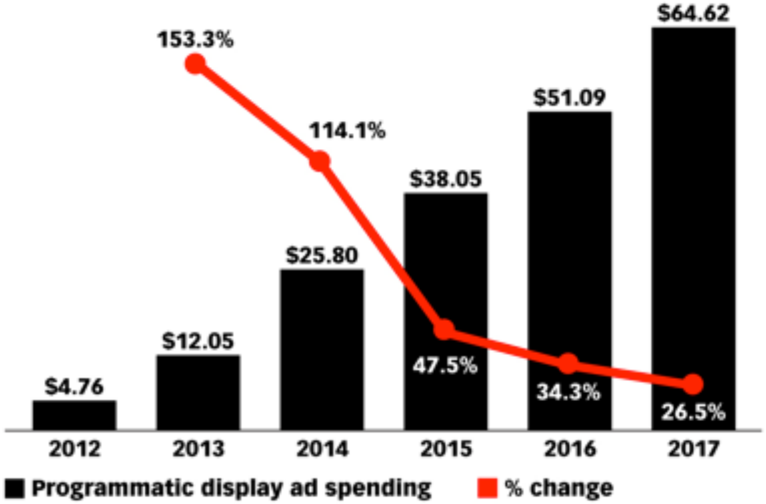
Programmatic vs. Nonprogrammatic Ad Spending Share Worldwide, 2014, 2015 & 2019
% of total



Source: Magna Global as cited in "AdExchanger," Sep 28, 2015

198000 www.eMarketer.com

Programmatic Display Ad Spending Worldwide, 2012-2017
billions and % change



Source: ZenithOptimedia, "Programmatic Marketing Forecasts 2015"; eMarketer calculations, Dec 7, 2015

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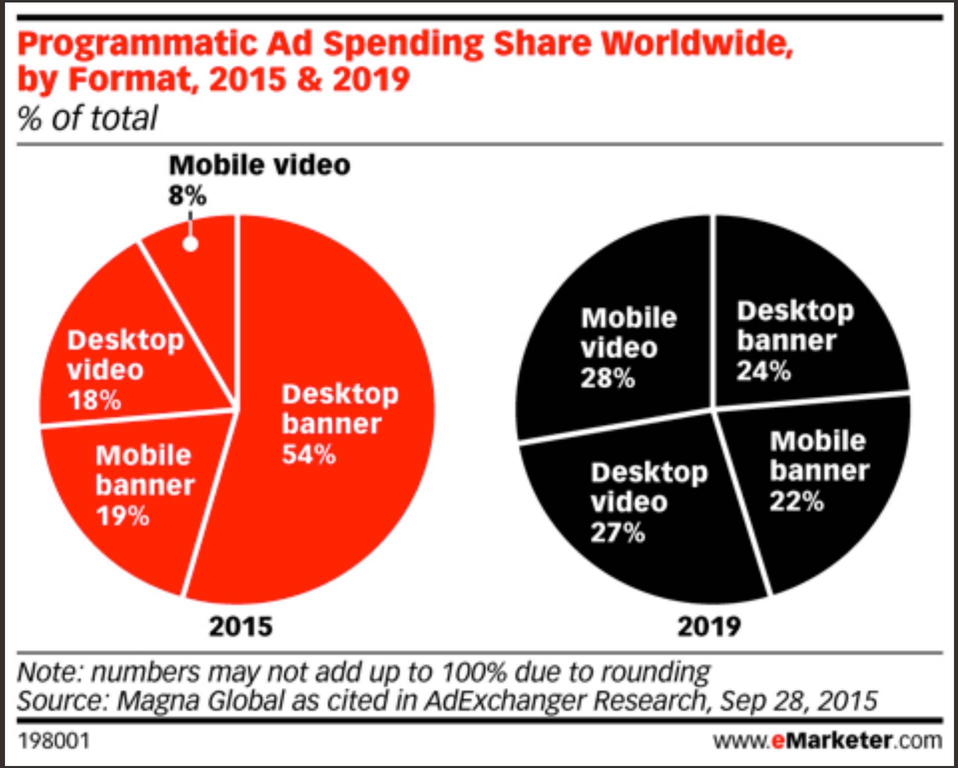
Programmatic Mobile Ad Spend will be 50 Percent in 2019



Global Players have a Market Share of around 65 Percent in Ad Spend

Net Digital Ad Revenue Share Worldwide, by Company, 2014-2016
% of total and billions

	2014	2015	2016
Google	34.6%	33.3%	30.9%
Facebook	8.6%	10.7%	12.0%
Baidu	5.1%	5.6%	6.1%
Alibaba	4.5%	5.1%	5.9%
Tencent	0.9%	1.6%	2.4%
Microsoft	1.6%	1.6%	1.6%
Yahoo	2.6%	2.1%	1.5%
Twitter	0.9%	1.3%	1.4%
IAC	0.9%	0.8%	0.7%
Verizon (AOL and Millennial Media)	0.9%	0.8%	0.7%
Pandora	0.5%	0.6%	0.7%
LinkedIn	0.6%	0.6%	0.6%
Sohu.com	0.6%	0.6%	0.6%
Youku Tudou	0.4%	0.5%	0.6%
Amazon	0.7%	0.6%	0.5%
Sina	0.5%	0.4%	0.4%
Yelp	0.3%	0.3%	0.3%
Other	35.8%	33.6%	33.2%
Total digital ad revenues (billions)	**$133.32**	**$159.33**	**$186.81**

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites; numbers may not add up to 100% due to rounding
Source: company reports; eMarketer, March 2016

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Net Digital Ad Revenues Worldwide, by Company, 2014-2016
billions

	2014	2015	2016
Google	$46.13	$53.05	$57.80
Facebook	$11.49	$17.08	$22.37
Baidu	$6.77	$8.97	$11.46
Alibaba	$6.05	$8.12	$10.99
Tencent	$1.24	$2.48	$4.48
Yahoo	$3.45	$3.28	$2.83
Microsoft	$2.11	$2.55	$2.94
Twitter	$1.26	$1.99	$2.61
IAC	$1.21	$1.21	$1.24
Verizon (AOL and Millennial Media)	$1.25	$1.33	$1.39
Amazon	$0.88	$0.94	$0.99
Sohu.com	$0.80	$0.97	$1.16
Pandora	$0.73	$0.95	$1.22
LinkedIn	$0.75	$0.96	$1.06
Youku Tudou	$0.57	$0.76	$1.03
Sina	$0.60	$0.67	$0.74
Yelp	$0.35	$0.48	$0.58
Other	$47.68	$53.54	$61.92
Total digital	**$133.32**	**$159.33**	**$186.81**

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites
Source: company reports; eMarketer, March 2016

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Net Digital Ad Revenue Growth Worldwide, by Company, 2014-2016

% change

	2014	2015	2016
Tencent	66.8%	100.5%	80.7%
Youku Tudou	31.4%	33.7%	36.1%
Alibaba	26.1%	34.1%	35.3%
Facebook	64.5%	48.6%	31.0%
Twitter	111.2%	58.8%	30.8%
Pandora	40.5%	30.0%	28.0%
Baidu	50.0%	32.5%	27.7%
Yelp	60.1%	35.5%	21.9%
Sohu.com	41.8%	21.1%	19.1%
Microsoft	-38.8%	20.8%	15.0%
LinkedIn	33.2%	28.4%	10.9%
Sina	22.8%	12.5%	10.2%
Google	19.1%	15.0%	9.0%
Amazon	19.9%	7.0%	5.7%
Verizon (AOL and Millennial Media)	1.5%	5.8%	4.6%
IAC	5.5%	-0.6%	2.6%
Yahoo	0.2%	-4.7%	-13.9%
Other	14.7%	12.3%	15.7%
Total digital	**20.4%**	**19.5%**	**17.2%**

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites
Source: company reports; eMarketer, March 2016

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Facebook Climbs To 1.59 Billion Users And Crushes Q4 Estimates With $5.8B Revenue

Posted Jan 27, 2016 by Josh Constine (@joshconstine)

Google Ad Revenue Climbs; Once Again Blames YouTube for Ad-Price Declines

Company's Total Revenue Rises by 11% to $17.7 Billion

AdvertisingAge

The building Blocks for Co-ops have not changed…

PREMIUM INVENTORY | FIRST PARTY DATA | SCALE


LAPLACEMEDIA
audience premium en temps réel
ASQ
AUDIENCE SQUARE
The Pangaea Alliance
aop
DIUN
AD
AUDIENCE
HOPPex
cpex
czech
publisher
exchange
PPN
PREMIUM
PUBLISHERS
NETWORK
GOLD5
PMPMedios
mmp
menamarketplace
kpex
RPA MEDIA PLACE
southernx
media marketplace

Through Pooling Premium Inventory & Data, Sellers Reach Critical Mass

11

CO-OPERATIVES CURRENTLY LIVE ON THE RUBICON PROJECT PLATFORM

6

LAUNCHED IN 2015

AUG 2012 — LAPLACEMEDIA (audience premium en temps réel)

FEB 2013 — Dansk Udgivernetværk

SEP 2013 — cpex (czech publisher exchange)

JULY 2014 — GOLD5

2015 — mmp (menamarketplace), HOPPex, RPA MEDIA PLACE, kpex, The Pangaea Alliance, PPN (Premium Publishers Network)

"To face up to global competition (Google, Facebook etc) individually, we are weak. Even if we are competitors as publishers, the value we gain from working together is so great that the compromise is worth it."

- Matej Novak, MD, CPEX

"Three years from its launch, La Place Media has gone from strength to strength. Independent governance combined with solid backing across all levels of our publisher members' business are key factors in our success."

- Arthur Millet, MD, La Place Media

What do Programmatic Alliances have in common?

- Premium publishers
- Reaching critical mass (70 percent reach)
- Collecting first party data, using a DMP
- Founding external entity for alliance, publishers are shareholders
- Increasing efficiency

Key Learnings: Launch and Organization

- Strong leader essential, needs to evangelise the market
- Invest in your team and marketing
- Dedicated buyer and seller resources
- Launch with 2-3 persons, 6-8 required for scale
- Draw on expertise within member group

Key Learnings: Market Offering

- Alliances can provide value across all channels (desktop, mobile, video)
- Alliance needs to have a clear market offering for advertisers
- Existing Alliances are focusing on remnant inventory
- Member publishers need to agree a unified strategy for packaging
- To ensure direct sales protection, alliances implement masked URL
- All alliances have implemented a DMP to run across all publishers
- Advertisers/Buyers need to know how to access inventory/packages

Example Packages in our Marketplace

Les Vacanciers 300x600 ATF
LA PLACE MEDIA

Avg. Daily Imps 2,600,000
Min Bid CPMs Standard $3.72
Dates June 11, 2013 to -Open-

Add to Proposal

Centrum.cz Homepages
centrum.cz
Centrum.cz Homepages

Avg. Daily Imps N/A
Min Bid CPMs Priority $6.00
Dates October 24, 2013 to -Open-

Add to Proposal

DUN Data World Cup
DUN
DUN

Avg. Daily Imps 15,654,228
Min Bid CPMs Standard $100.00
Dates May 30, 2014 to August 31, 2014

Add to Proposal

Finance-Info 300x250 ATF
LA PLACE MEDIA

Avg. Daily Imps 3,819,946
Min Bid CPMs Standard $1.90
Dates February 5, 2013 to -Open-

Add to Proposal

Business and Economy
e.conomia
Economia

Avg. Daily Imps N/A
Min Bid CPMs Priority $4.00
Dates April 17, 2014 to -Open-

Add to Proposal

DUN Data Tech
DUN
DUN

Avg. Daily Imps 18,217,863
Min Bid CPMs Standard $100.00
Dates August 15, 2013 to -Open-

Add to Proposal

The four Challenges for Alliances in 2016

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Challenges 2016

"DIY Programmatic"

- Publisher launching their own programmatic sales efforts
- What is the Co-op responsible for selling?
- What is the Publisher responsible for selling?
- Viewability Trading/High Impact Formats/Video

Governance & Politics

- A challenge for newly formed Co-ops
- There is no single template for structuring a Co-op
- Governance Structure & Steering Committees
- Established Co-ops have learnings and best practices to share

Mobile Monetisation

- The challenge varies market to market and is not unique to Co-ops. However, Co-ops have additional challenges.
- High expectations from publishers
- Can Co-ops start to drive the nascent native ad space in their markets?

Enhancing Data Offering

- Data is a top value proposition for most Co-ops
- However, survey results suggest not all Co-ops feel they are executing well on first party data
- Important to evaluate what is and isn't working
- Partnerships with in-market data providers

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Frank Bachér