

February 11, 2020

Online Platforms and Digital Advertising Markets Research Team
Competition and Markets Authority
The Cabot
25 Cabot Square
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To whom it may concern:

Thank you for the opportunity to review and comment on your findings. As background, Beeswax is an active participant in the programmatic advertising market in both the US, the UK, and throughout the EU. We are an active buyer within Google's "Authorized Buyers" exchange.

We believe the CMA is providing a great service to the marketplace by investigating the impact of Google's behavior on competition within this sector and appreciate the thoroughness of the remedies and descriptions provided in the interim report. Below we have provided commentary on our point of view on the various remedies discussed in the "*Online platforms and digital advertising market study*", Exhibit M.

Separation of Google's combined ad server/SSP 3 a) ii)

We believe that separation of the ad server and SSP would be an effective remedy for helping competition on the sell-side of the business as independent publisher ad servers or exchanges would be able to effectively help publishers monetize traffic on an even basis.

The mechanism for allowing other exchanges or demand sources to integrate into the ad server should be standardized and open to all parties under the same rules. In Google's current iteration of "Open Bidding" (formerly referred to as Exchange Bidding) they restrict which parties are allowed to participate in an arbitrary fashion.

The ability of DSPs to directly connect to the ad server is particularly important since the role of the independent SSP/Exchange is changing and many DSPs are looking to build direct relationships with publishers, bypassing the intermediary. If a remedy for Google's ad server only contemplates rival exchanges, this could yield to entrenched inefficiencies in the market from the DSP's perspective.

Separation of DSP and SSP applicable to all firms 3 b)

The integration of a DSP and SSP under the same corporate entity gives competitive advantages that can be difficult for independent ad tech firms to match. Short of requiring separation and divestiture of these assets, there are a number of factors to consider:

- Require different cookies or identifiers to be used between the DSP and the SSP. A key advantage that DV360 enjoys when bidding on other Google properties is the common

identity. Xandr (AppNexus) also enjoys this benefit, which is unavailable to separate DSPs and SSPs.

- Prohibit subsidized fees between buy- and sell-side. We are unaware of whether Google regularly varies the fees when transacting among its properties, but Xandr is known to waive buy-side fees when DSP customers buy inventory from the Xandr sell-side. In addition to the commercial advantage this yields, it also can affect the behavior of automated algorithms or "Supply Path Optimization" systems that bias DSP spend towards the cheapest supply.
- Prohibit giving special or beneficial auction mechanics across buy- and sell-side, such as "first look" or "last look".
- Allow parties to transact on risk-free CPC, CPA, or Viewability basis. When a DSP bids on inventory it is always on a CPM basis. But when buy- and sell-side are within the same system the provider can closely estimate outcomes and allow transactions on other metrics with limited risk.

Regarding the question of whether all parties would be enjoined from owning both buy- and sell-side platforms we believe that too aggressive enforcement could cause difficulties for some business models. For example, many media companies and ad networks may work with both publishers and advertisers, but may not be the intended focus of this regulatory effort.

Requirement on Google to provide access to relevant parts of its data around the actions of users which it gathers from its Google tags 3 c)

We are less concerned about the sharing of data from Google tags than the usage and sharing of data from Google's consumer products.

With regard to Google Analytics tags or other ad serving tags, we do not feel that the remedies described would be particularly helpful or feasible within the context of privacy. We believe that our customers can deploy our own tags within the Google tag without undue burden.

However, we believe that the data Google utilizes from its consumer products provides strong advantages over other DSPs, and that such data will become more valuable considering their recent announcement that Chrome third-party cookies would be eliminated. Some examples:

- Google uses Google Play data to optimize app install campaigns without requiring an "SDK". This data usage could be remedied with permission from the app provider to share the data with other parties.
- Google has announced that it is using machine learning to solve certain problems in ad tech, notably frequency capping and app installs on iOS. An additional remedy, not specifically discussed, is restricting Google's ability to use non-ad data to take these kinds of actions.
- DV360 includes free usage of certain targeting data, such as demographics. This data is likely collected from their consumer products. We believe this data should either be

removed, should be made available to other platforms, or should be priced at market rates for DSP users to remove the subsidy.

Requirement on Google to provide access to YouTube inventory 3 f)

We strongly believe that allowing DSP access to YouTube inventory is the leading remedy among those described, to level the playing field with Google.

Regarding the methods to integrate with YouTube, in paragraph 52 there is a discussion of allowing DSPs to buy using the specific interface used for DV360. This is problematic since DV360 uses a non-standard, non-RTB method for buying this inventory. It is important that the interface use RTB in order to allow DSPs to buy this inventory without undue costs.

In paragraphs 54-56 Google gives various self-serving excuses for why they removed RTB access to YouTube. Google claims the TrueView could only work with its own data, yet in the open exchange markets, so called "skippable" ads are extremely common. In paragraph 57 Google makes the argument that there would be privacy issues if they shared predictions about which users skip ads, this seems highly unlikely.

Google claims that AdX demand was a very small part of total demand, but this is disingenuous since the market for video ads has expanded and become much more sophisticated over the years since they made that decision. Google recently released figures showing that YouTube is the fastest growing part of the company, so clearly the world has changed.

In paragraph 56 Google claims that the removal of AdX demand had little impact. But this is a circular argument since their action forced the demand to move to channels they own.

Finally, if you accept Google's arguments about the infeasibility of offering TrueView to third parties, then the alternative remedy is to prevent access to this inventory from DV360 in order to level the playing field.

Requirement to report fees for adtech services by Google and Facebook 3 g) i)

We are seeing many other exchanges provide log-level information about fees collected during the auction process. AdX does not provide this transparency. We would welcome this and believe it should be mandated as a way to better allow industry participants to be assured that they are not being abused by larger companies.

Requirement to report fees for adtech services by all ad tech providers, not just Google Facebook 3) g) ii)

We do not believe there is an imperative to require this from all ad tech vendors, as some business models, such as retargeting, are not required to be transparent in nature.

Requirement to report fees for adtech services by all ad tech providers, not just Google Facebook 3) h)

The establishment of a single transaction ID for online transactions would be extremely useful for eliminating duplication, fraud, and waste. Given the complexity and velocity of innovation in the digital advertising industry, however, our point of view is that a government defined and mandated solution could possibly cause unexpected and detrimental effects. If there is a strong belief that such an ID is required, perhaps the regulatory solution could be to compel the large participants in the market to adopt whatever was developed by the industry trade bodies, rather than define such a standard.

Requirement on Google and Facebook to comply with industry standards on ad verification and measurement (/ all intermediaries) 3) i) and 3) j)

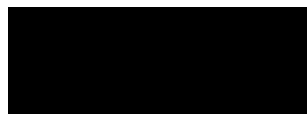
For media buyers that work across many digital properties the fragmentation of measurement is a hindrance. Google should be forced to allow third party measurement and verification, unless it can demonstrate specific rationale why this is not applicable or causes an undue burden.

Conclusion

In sum, we appreciate the hard work of the CMA in compiling this information, as well as the highly transparent and collaborative process by which it is addressing these important issues. As a buy-side participant, Beeswax competes with Google in a number of ways, and we believe, on the whole, that Google does not compete on a fair basis and uses its various monopolies to give its adtech products advantages that skew the market in their favor. In particular, the two most critical issues are fair access to YouTube supply, and the use of consumer data (such as installs from the Play store) to benefit their ad tech stack.

Thank you again for involving us in this process, and we look forward to continued participation in your work.

Sincerely,



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