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AUCTION MECHANICS HANDBOOK

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INTRODUCTION

The IAB Programmatic Playbook was initially published in March 2015 and updated in October 2017, where we introduced the topic and mechanics of Header Bidding. As the space is perpetually evolving the IAB deemed in necessary to provide this 2018 update, specifically focused on Auction Mechanics and with more substance in terms of the bidding mechanics and a more concise set of best practices. This update provides the market with a more in-depth look to Header Bidding, the resultant impacts and a guide to some of the nuances related to auction mechanics. The Executive Technology Council in particular, are keen to ensure that this is educational and useful to everyone in the industry now and in the future.

The impact of Header Bidding has been hugely significant for both programmatic buyers and sellers over the past 18 months or so, with adoption continuing to grow across publishers and ad formats. These levels of adoption will only increase as Header Bidding is now becoming increasingly prevalent within both in-app and video inventory, where adoption previously had been lagging due to technical challenges. Other trends such as more connected devices, 5G, digital audio and digital out-of-home (DOOH) will only further drive wide-spread adoption. The era of publisher waterfalls is coming to an end.

As programmatic trading continues its forward march and evolves away from its origin as a solution for monetising remnant inventory, it has increasingly become ubiquitous as a standard mechanism through which the digital advertising industry can trade as effectively and efficiently as technologically possible. As automated trading becomes more standardised, well-informed and objective educational resources around the topic are critical, as are regular guidelines and applicable best practices which promote responsible behaviour and deliver desirable business outcomes.

This paper provides technical details as well as some important market guidance in regards to best practice and transparency.

JONAS JAANIMAGI
TECHNOLOGY LEAD
IAB AUSTRALIA

CONTENTS

THANK YOU TO OUR CONTRIBUTORS

This paper has been driven the IAB Executive Technology Council and we would like to thank following for their contributions.

ADAM COULTER
HEAD OF PLATFORM AND CAPABILITIES
OMNICOM MEDIA GROUP

ROHAN CREASEY
COUNTRY MANAGER, ANZ
RUBICON PROJECT

JONAS JAANIMAGI
TECHNOLOGY LEAD
IAB AUSTRALIA

SAM LEES
AUTOMATED TRADING OPERATIONS MANAGER
REA GROUP

SARAH MELROSE
HEAD OF PROGRAMMATIC, DATA & TECHNOLOGY
ADMATIC

YUN YIP
COUNTRY MANAGER, AUSTRALIA & NEW ZEALAND
MEDIAMATH

INTRODUCTION TO HEADER BIDDING

In this section we'll provide some background, a review of different Header Bidding solutions and methods of integration onto publisher pages. Publishers have traditionally worked with only one major exchange at a time when offering out inventory for auction via real-time-bidding.

It's essentially the same as having your product available for sale (at the highest price offered) in only one shop window. Header bidding allows publishers to offer their inventory to multiple ad exchanges simultaneously. The increased demand usually results in an increase in their yield for the products being offered for sale as well as higher sell-throughs overall.

This process is relatively new and has gained dramatic momentum over the last 24 months or so, with the majority of publishers in Australia now adopting it.

A basic principle of ad serving is that ad servers are built to manage single campaigns and optimise delivery in order to ensure each campaign fulfils the delivery goal within the defined run-time. Programmatic advertising or real-time bidding (RTB) technologies such as supply side platforms (SSP) follow a completely different logic as they are not necessarily built to optimise single campaigns but to create competition between multiple buyers for each single impression using an auction mechanism.

The optimisation is first and foremost price based.

On the buy-side, campaigns are optimised by the buyers using demand side platforms (DSP) that correspond with the SSPs via an API. Header bidding enables a bridge to be built between both logics.

Header bidding is mostly used where holistic yield optimisation is missing - either across direct booked campaigns and RTB based ad delivery or across multiple SSPs. In an ideal world, the primary ad technology platform would provide its publisher clients with a true server-side holistic view across all demand partners with every buying technology integrated via an API using the IAB's OpenRTB protocols.

However, many agencies and ad networks are still buying based on tags instead of using RTB. Most standard ad serving technologies can only manage different demand sources in a waterfall setup which can make yield optimisation more difficult.

In display advertising, many publishers are using multiple SSPs to spread their offer to as many potential buyers as possible. To avoid waterfalls, header bidding is used to optimise across SSPs and maximise yield.

The additional efforts within the browser to match all the ever-increasing resulting bids puts an additional strain on site page loads and requires extra effort from the incumbent ad-server delivering the winning ads cleanly on the pages. Vendors therefore produced 'wrappers' that help publishers manage the page integration of all of their various header-based bid partners on the page.

This was referred to as being a 'client-side' solution – and it cleaned-up the related admin but not necessarily the site speed and the resulting negative consumer experience.

Hence the more recent evolution of server-to-server bidding. This ensures that only one call is made out from a publisher page and the multiple action process happens on a vendor's

INTRODUCTION TO HEADER BIDDING

server externally, before being passed back to the publisher. More bidders can now access the inventory on offer without impacting site speeds and the resulting poor user experiences.

More info and the pros and cons of these two approaches are below:

- **Server-side Header Bidding** operates via a backend server connection between either (a) the publisher's ad server and the exchange, or (b) the Header Bidding wrapper and the exchange. Benefits of server-side integrations typically include quicker response times (less latency), less processing power required from the user's browser, and the ability to scale across more demand partners. However, currently, server-side Header Bidding has a lower cookie match rate which can impact the monetisation of exchanges integrated in this way.

- **Client-side Header Bidding** relies on the user's browser and requires the wrapper to be placed on the page, facilitating the sending and receiving of bids. The benefits of client-side integrations typically include high cookie match rates, more transparent auctions (if open source technology is used) and typically less reliance on the vendor for setup changes. The current downside to Client-side Header Bidding is that it can incur more latency than Server-Side, however this is also something that the publisher has complete control over within their wrapper.

The result of this process for the publisher is increased competition across the ad stack, which in turn drives up fill rate and yield, and ultimately higher revenue. The benefit for the buyer is greater access to higher priority inventory, as well as supply-side platform (SSP) choice in how to access a publisher's inventory.

With regards to how this is implemented on publisher pages, there are a variety of options - but it's easiest to split these into two categories; open source wrappers and proprietary wrappers.

A proprietary wrapper is controlled and run by a single exchange and is sometimes referred to as a 'black-box' auction environment, due to the lack of transparency around how the auction transacts.

An open source wrapper is, as the name suggests, an open, transparent auction ecosystem, where various exchanges contribute to the development and upkeep of the technology (Prebid.org is an example of open source technology).

Header Bidding is regularly referred to as being a "unified auction". Whilst very descriptive, this label can be slightly misleading because:

- It assumes the header is not running an auction (some do).
- Header Bidding unifies header demand with the ad server demand into an auction.

Lastly, when looking at header bidding solution, you should consider whether responses returning to the header will be Gross or Net of fees and ask their exchange partners if they are bidding in Net or Gross. Working in Net will enable more effective publisher yield management practices, allow for a true representation of end of month billing and provide accurate win rates for buyers to enhance decisioning.

Decide upon one common model and request that exchanges submit bids in this fashion. If leveraging Prebid, you can apply a Bid CPM Adjustment to exchanges bidding in Gross if you have decided upon Net. Once setup, it is advisable to continually check-in with exchange partners to ensure that they have not changed their default model for bidding.

SUPPLY PATH OPTIMISATION (SPO)

When Header Bidding emerged as a new technology, every participant in the space had to compensate with increased investment in order to manage the increased volume of bids that were often duplicated as a result.

More routes being made available to the same impression obligated demand-side platforms (DSPs) to better understand the endless differences in price, quality, audience match rate and latency.

Having to evaluate each path to inventory on how well it performs, based upon various critical criteria, resulted in Supply Path Optimisation (SPO) emerging as the preferred solution to finding the most transparent, most direct and best performing path to any underlying impression. When implemented correctly SPO will result in:

- Improved ROI (Return on Investment) for marketers.
- A reduction in levels of invalid traffic.
- Improved decisioning with enhanced bid opportunities.

Since DSPs do not have full visibility into everything that occurs with an impression on the sell side, the primary mechanisms that DSPs can use to optimise their supply paths are:

- Eliminating intermediaries that do not add value.
- Working with SSPs to optimise the auction dynamics.
- Understanding how their bidding performs within their auctions.

These three methods are powerful ways that DSPs can drive a more transparent and hygienic media ecosystem for advertisers.

HOW DOES SUPPLY PATH OPTIMISATION WORK?

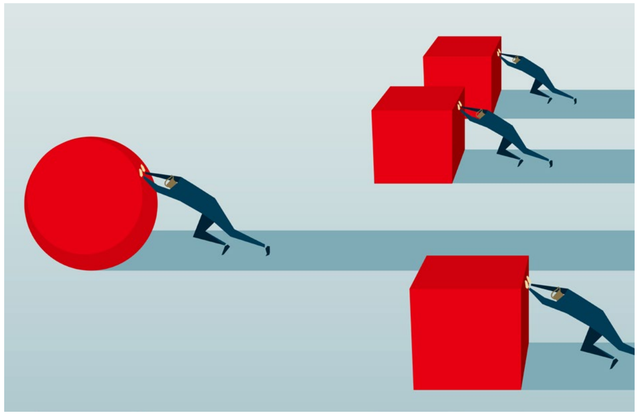
Most DSPs are essentially taking two steps in implementing SPO today.

- Auditing their entire supply chain to remove supply partners that do not add value or provide differentiated inventory.
- Implementing decisioning that will enable the DSP to evaluate each bid opportunity based on the value of any particular path over another, determined on factors such as price, match rate and latency.

This results in higher performance and lower cost for advertisers, since less advertising budget is wasted on unnecessary intermediaries.

Utilising SPO allows the supply teams at DSPs to monitor exchanges so as to detect auction manipulations via instituting custom changes such as automated bid shading, which prevent advertisers from paying more on exchanges that institute soft floors without telling buyers, or moving to first-price auctions, which can reduce advertiser CPMs without reducing bid rates in header-bidding environments.

When DSPs are optimising their supply paths, they are doing much more than simply removing duplicate inventory – they are ensuring that all of



the inventory available within platforms can be reached on paths that genuinely add value.

On an ongoing basis, many DSPs now have teams regularly analysing every relationship with exchanges to ensure that they are not purchasing re-sold inventory and that each exchange only sends the inventory that they have direct access to along the approved paths. In doing so, you are then looking at attributes that are not analysed in the bid request and which could not be optimised for in real-time decisions for campaigns based on the information available.

SPO is gradually becoming a key way that DSPs have been able to mitigate the additional operational burden of Header Bidding whilst increasing the overall value that can be provided to both consumers and marketers. All sides see improved revenue by providing more strategic value to clients even as the volume of bid opportunities have decreased.

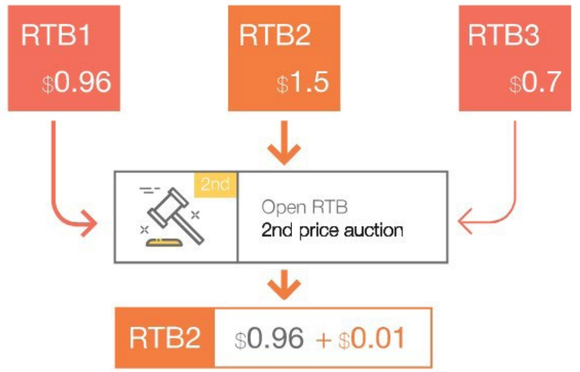
AUCTION DYNAMICS (1ST PRICE & 2ND PRICE)

Auction dynamics refer to the factors affecting the transaction between the DSP (buyer) and SSP (seller) in order for an advertiser to bid on inventory across digital media, thus determining the final price that is paid for that impression.

2nd price auctions have been the established method to programmatic trading since its inception. Put simply, the mechanic is that the highest valid bid will win an auction, but the winner will only pay the value of the second highest bid, plus $0.01 (USD).

Historically buyers have implemented bidding strategies and practices based on the understanding belief that 2nd price auction dynamics were in place. An example practice would be a buyer bidding very high, e.g. $100 CPM for audiences through retargeting, knowing that over the course of the campaign, the second highest bids would be much lower, and as they would pay only a cent over the second highest bid, that their CPM may average out to be $10 overall.

2ND PRICE AUCTION: EXAMPLE

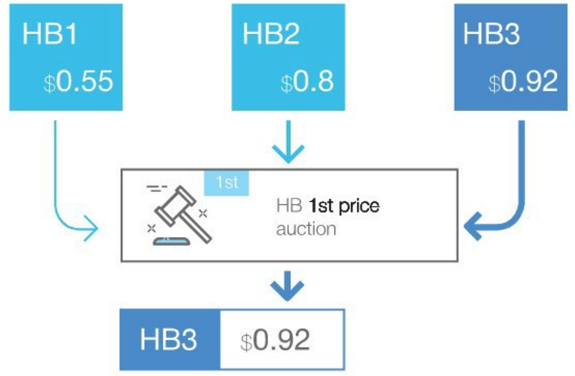


As illustrated above, with three participants in a 2nd price auction, the highest bid is $1.50 and will win the auction. The buyer however will only pay $0.97 - one cent more than the second highest bid.

2nd price auctions attract more demand density as buyers know they will only pay the ‘market rate’ (plus a cent) that another buyer was willing to pay. The shortcoming of a 2nd price auction is that it does not maximise revenue for a seller. In the example above, the winning buyer was prepared to pay $1.50, but only had to pay $0.97: Potentially $0.53 left on the table.

This led to publishers and SSPs implementing various yield management practices to increase revenue (e.g. price flooring tactics). However, it also led to more questionable practices, such as changing the auction dynamic without informing the buyers. If an alternate auction dynamic was in place, such a 1st price model (where the highest bid will win the auction with the exact bid submitted) without buyers being informed, it would mean buyers operating on an assumption of 2nd price could end up paying much higher CPMs for inventory than they had initially intended.

1ST PRICE AUCTION: EXAMPLE



AUCTION DYNAMICS (1ST PRICE & 2ND PRICE)

1ST & 2ND PRICE AUCTIONS: COMPARED

2nd Price Auctions:

- Have been the traditional method for real-time bidding (RTB) since inception, it is a common language as the 2nd price model is also how other online advertising operates e.g. search.
- Are still in use in some cases, some exchanges have a 2nd price model if requested and some have their own model of bid shading.
- Encourage demand density.
- Currently result in the auction mechanics not being fully disclosed in the DSP by SSPs, which means buyers are left blind to whether a bid request sent through is 1st 2nd or fixed.
- Can lead to prices increasing unnecessarily as buyers have to send one bid amount into auction but can be entering into multiple exchanges on a mix of 1st and 2nd price. If submitting $10 on 2nd price, this would naturally result in a lower win amount due to the ‘market rate’ of 2nd price. If the same $10 bid is sent into auction on 1st within the same bid strategy then that will be accepted, and the buyer will ‘overpay’ against what they intended, or had been on 2nd price auction model.

1st Price Auctions:

- Are an improved model when there is more than one auction involved, because they don’t reduce the value of the winning bid at the first stage of a sequence of auctions. For example, in header bidding, the auction sequence could be illustrated as in the below diagram.
- Provide transparency into ‘real’ value of an ad impression - it’s an open declaration of what a buyer is prepared to pay.
- Can yield the highest possible return for publishers within the auction environment and publishers can sell their inventory at the rate they perceive the market is prepared to pay.
- Increase the access and win rates for buyers buying over RTB and provides better competition for direct-sold inventory.
- Remove hidden buy-side fees specific to the auction and gives price transparency to buyers.

Inventory Flow through Auctions

1. Exchange auction
↓
2. Header auction (possible)
↓
3. Ad Server auction

Some Other Considerations

- Some SSPs switched auction models without disclosing the change, which confused some buyers into paying more than they had expected. This also the resulted in other SSPs being compelled to implement the same 1st price model more quickly than anticipated.1st price can result in improved win rates where multiple auctions are in play (e.g. header bidding).
- 1st price does increase the analytical requirements and related capabilities from buyers which can increase effort and costs.
- The change to 1st price has meant buyers have had to develop techniques that could differentiate between more valuable and less valuable inventory in a world where your CPM bid would be the clearing price, and bid shading was born (see next section). DSPs and SSPs built algorithms to determine if a 1st price bid could still win an impression after reducing, or ‘shading’ the bid down slightly from the 1st price submission. Using market variables and historical learnings, a DSP will lower the bid submitted if there is a high enough statistical probability of winning the impression at a lower rate.

BID SHADING, BID CACHING & BID STACKING

BID SHADING

Background

Bid Shading is a function of 1st price auctions and is the process whereby the bid amount submitted from a DSP is reduced just enough to avoid the buyer overpaying, but still remain high enough to win the auction taking place. This calculation can be made by either the DSP or, sometimes, the SSP can also bid shade on a buyer's behalf.

Bid Shading came about due to increasing adoption by SSPs and publishers moving to a 1st price auction model. Where previous buying configuration may work efficiently in a 2nd price auction model, keeping the same set up in a DSP would be problematic for buyers in a 1st price model. This is due to the maximum bid often being set at two, or three times the amount of the floor price in 2nd price in order to win the auction but knowing it's unlikely that high price would actually be paid at the point of winning. This maximum bid amount now in a 1st price auction would be accepted, which becomes a risk of steep cost inflation.

As a result of this shift to 1st price, bid shading was introduced as a quick fix in order to automatically reduce any unnecessarily high bids to a lower amount whilst still winning the auction and retaining a fair market price.

Who benefits from it?

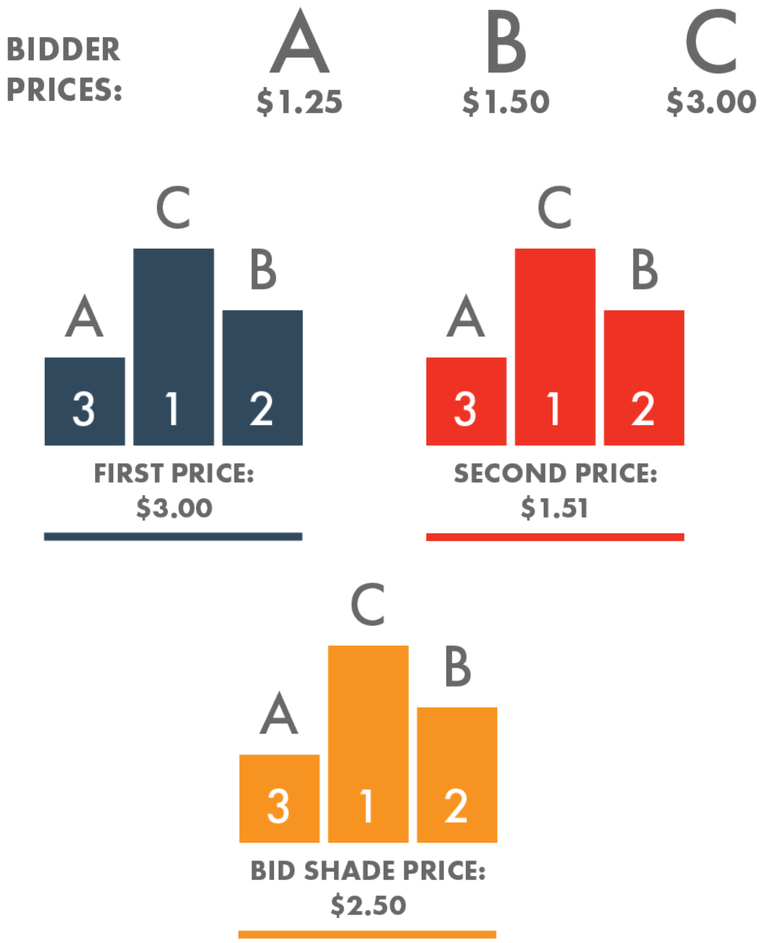
Bid shading is built with buyers in mind to ensure that cost efficiencies remain without costs increasing overnight in 1st price auctions. Publishers should also consider the long-term view that maintaining cost efficiencies ensures buyers do not reduce budgets due to higher costs.

How do I know if my DSP or SSP is bid shading?

Most DSPs have now adopted some form of bid shading to help buyers adapt to a first price auction model, and some SSPs also reduce bids that are inflated. This is a free tool in majority of cases for buyers to help manage costs.

However, this information is not always readily available in most platforms and can be hard to verify. Programmatic buyers are advised to always consult very closely with, and request transparency from, their key technology vendors in order to get a complete view of any bid shading practices in place.

BID AMOUNTS AND ACTUAL PRICES PAID BY AUCTION MODEL



BID SHADING, BID CACHING & BID STACKING

BID CACHING

Background

The core arguments in favour of bid caching are the combating of latency issues and the potential commercial benefit to publishers. Bid caching manages this by enabling SSPs to hold onto bids post-auction and re-submit them into another similar auction at a later point in time.

As an example, here is a normal bid scenario:

- When a real-time bidding auction occurs, the OpenRTB protocol provides a rule-set to ensure that all parties are acutely aware of what is being sold.
- This includes information about the ad size, format and, in the case of browser-based auctions, the page URL, and each auction is uniquely identified within the protocol.
- At time of the auction, a buyer knows exactly what they are bidding for so it can set the level of its bid accordingly, for example:

- Auction ID 1234
- www.thisSpecificDomain.com.au/thisSpecificPage
- A specific ad unit (e.g. ATF 300x250)
- Imagine the buyer was happy to bid CPM

What happens with Bid Caching?

- When a buyer's bid does not win, normally that is the end of the action for that buyer - someone else has bid higher, better luck next time.
- However, imagine that, without the buyer's knowledge, that losing bid was held, and used in a later auction, with different ad targeting information, seconds or maybe minutes later? That's what bid caching is.

For example, we know our earlier CPM $2.00 bid was meant for:

- Auction ID 1234
- www.thisSpecificDomain.com.au/thisSpecificPage
- A specific ad unit (e.g. ATF 300x250)

What if, without the buyer's knowledge or consent, that bid was held by the SSP and used several minutes later for:

- Auction ID 6789
- www.thisSpecificDomain.com.au/anotherSectionEntirely
- A different 300x250 ad unit placement that was below-the-fold (BTF)?

Rather than the buyer's ad delivering against the user the buyer had intended to bid upon (at the time the buyer thought they were bidding, on the page the buyer thought they were bidding on, or even on the ad unit the buyer thought they were bidding on) - instead the buyers ad delivers on another sub-section of the site, on a different ad unit further down the page some time later.

The buyer does not get what they paid for.

What is it not?

Bid caching is not ad caching. Ad caching is a legitimate practice whereby an auction is run, and the winning ad is held for a short period before delivery. A common example is long-form video where an ad unit may be auctioned and then shown later in the video to aid the user experience.

Note the key differences:

- Caching an ad means delivering a buyers RTB auction winning ad at a later moment and crucially, on what was agreed with the buyer at the time of auction.
- Caching a bid means using a buyer failed RTB bid at a later instance to deliver that ad on something that was not agreed upon with the buyer at the time of auction.

BID SHADING, BID CACHING & BID STACKING

Is it all bad?

The technique of caching - holding a piece of information within a browser – is not bad and is a useful, commonplace functionality on the web. For example, caching is how you remain logged into a website.

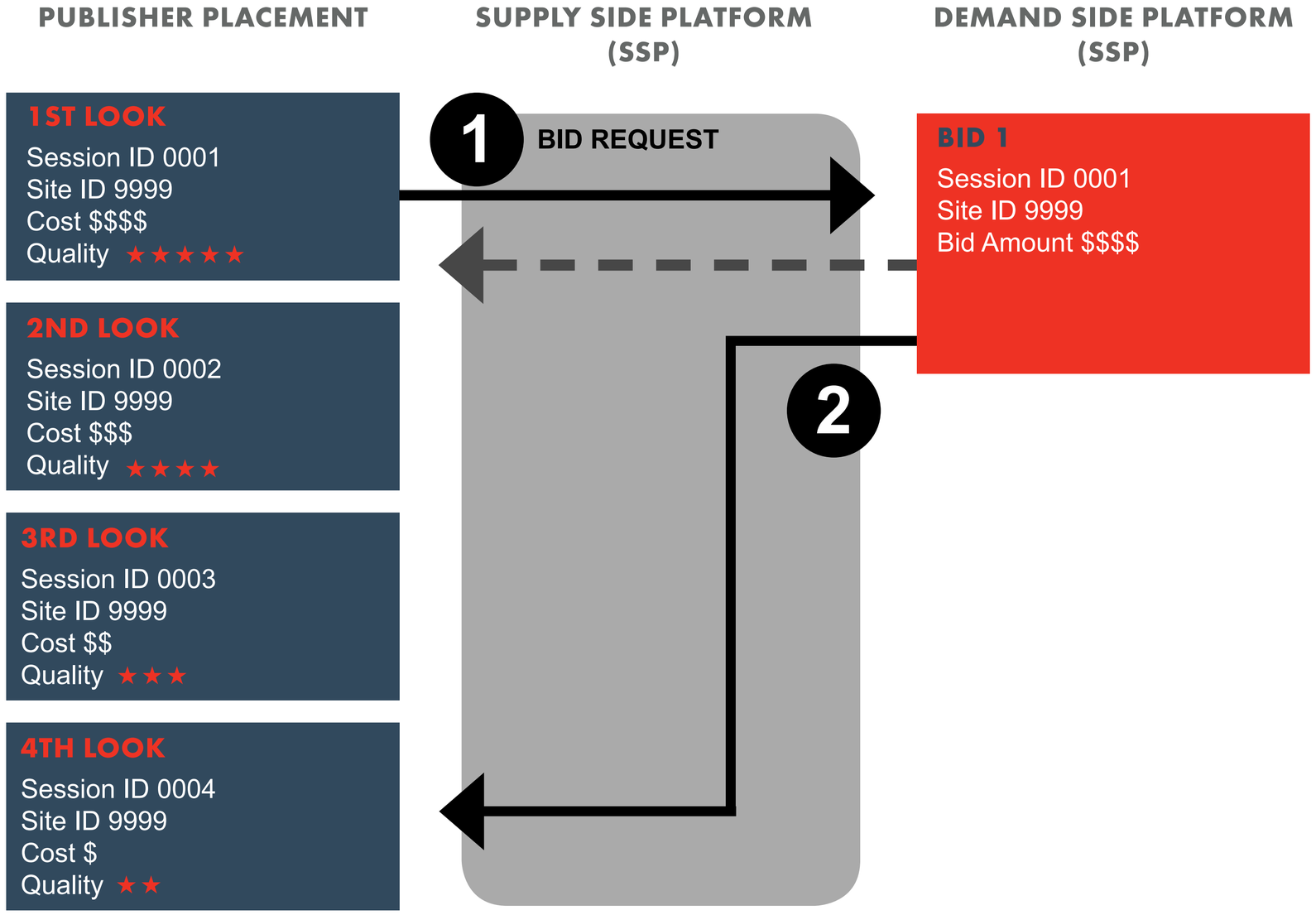
As such, bid caching as a technique is not 'wrong' per se.

Where it becomes a problem is in a commercial transaction and there is no disclosure to the buyer - the behaviour could be deemed as misrepresentation at best, and fraudulent at worst.

How do buyers know it's happening?

Bid caching was a surprising event to the industry as it's impossible for average buyer to tell from looking at their campaign in their DSP. Buyers don't know when bid caching is happening, which is a concern as it can compromise a range of factors that are important to the brand, such as brand safety.

To find out, buyers must ask their SSP if bid caching is in place. If it is activated, ensure that the criteria for bid caching is understood firstly, and from there the buyer can ask the SSP to turn bid caching off.



BID SHADING, BID CACHING & BID STACKING

BID STACKING

Background

Bid stacking is when SSPs or exchange vendors place multiple bids on the same ad inventory. This dramatically increases the match rates and as a result the chance of winning any available impressions.

When a real-time bidding auction occurs, the OpenRTB protocol provides a rule-set so that all parties are acutely aware of what is being bought & sold. The assumption is that for each ad request at auction, buyers each submit a single bid for a single piece of inventory.

At time of the auction for example, the range of bids may for example, be:

- SSP A bid CPM $2.00
- SSP B bid CPM $2.50
- SSP C bid CPM $2.25

Typically, SSP B would win this auction at CPM $2.50.

As well as the chance to display their winning ad, SSP B will now have ‘seen’ that user and is typically better placed to ‘recognise’ and match that user to an advertiser at a later date, than Buyer A or C may be (who haven’t ‘seen’ the user).

What happens with Bid Stacking?

Using the previous auction example, this now looks like:

- SSP A bid CPM $2.00
- SSP B bid CPM $2.50
- SSP C bid CPM $2.25
- SSP C also bid CPM $2.35
- SSP C also bid CPM $2.45
- SSP C also bid CPM $2.55

Now, Buyer C would win this auction at CPM $2.55

As a result, buyer C naturally has an advantage in this auction as they are bidding 4 times compared to their competition, who are only bidding the once.

Why would an SSP attempt to Bid Stack?

Increasing match rates means better chances of increasing wins. Each win is a payout for the SSP or exchange. Soliciting multiple responses from DSPs can have the following positive result for the SSP or exchange:

- Winning more auctions.
- Seeing more users (as a result on more auction wins).
- Subsequently benefit further from being better placed to match users to advertisers.
- Make the SSP or exchange more money from greater wins (via seller fees).

Why is it wrong?

- The SSP artificially inflates demand.
- It drives up prices in auctions.
- Multiple bid requests for certain parties won’t allow for an even playing field.
- DSPs may be unknowingly bidding multiple times for the same inventory.
- It overcharges publishers.

How do we know when it’s happening?

- It’s unfortunately tough to see without log-level transactional data.
- Buyer rates may increase.
- It has always been possible, but now questions are being asked that can lead to a fairer marketplace.

How can I ensure it’s not happening?

- Be prepared to bring it up as a topic.
- Be prepared to ask for log-level data.

Another variance of this is when the SSP is conducting multiple auctions for the same impression, such as if SSP auctions the impression, calls DSPs and then it calls the DSPs for yet another auction for the same impression. This then results in DSPs repeatedly bidding upon the same inventory.

RECOMMENDATIONS & PROPOSED BEST PRACTICES

HOW DO I KNOW IF MY DSP IS ANY GOOD AT BID SHADING? WHAT IF I'M OVERPAYING?

It is very difficult to 'prove' that any DSP, or SSP, is good at bid shading. Cost inflation should be looked at, if buying strategy and sources have remained the same, to analyse any cost increases that may have occurred after a move to 1st price model.

A good DSP would also have a lower win rate when it comes to bid shading. A lower win rate indicates your DSP is likely being cautious with its bids to find the right balance between winning and paying more than is needed. If a DSP is seeing very high win rates it could indicate that it is submitting your highest bid every time, thus winning – but you could actually pay less and still win the impression if effective bid shading is in place.

WHAT CAN BUYERS DO?

There is still debate over auction dynamics and what is in the best interest of the industry which will likely continue as publishers look to yield the highest possible return for their inventory.

As buyers continue to navigate an ever changing and complex ecosystem, below are some recommendations for navigating auction dynamics:

- Speak to your publisher partners and SSPs to ensure you know which auction type they are using.
- Pick a DSP that can utilise bid shading and algorithmic technology to drive efficiencies in your campaigns.
- Develop new programmatic buying practices that factor in multiple auction types being used across your publisher supply.
- Continually test and analyse your campaigns and remove partners who do not comply with transparent practices.
- Push for industry alignment on 'auction type' being declared in bid requests as standard practice - and then subsequently being exposed within the DSPs for the buyers to be able to create actionable insights from.

AUCTION MECHANICS – PROPOSED AUSTRALIAN BEST PRACTICES (AS OF DECEMBER 2018)

- Full clarity on the auction type being either 1st price or 2nd price. This is managed via the mandatory usage of the 'auction type' variable in the OpenRTB protocols (i.e. where 1 = 1st Price, 2 = 2nd Price Plus). Currently this is not enforced.
- Exchanges are responsible for the auction type declaration and DSPs are responsible for the related transparency and must assist in its enforcement.
- Both buyers and sellers should be prepared to demand clarity on the bidding strategies being employed by vendors. Amend contracts and request log-level data if necessary.
- Both buyers and sellers should utilise standards such as the IAB's ads.txt and the forthcoming ads.cert (still in draft) to minimise the levels of unintentional fraudulent programmatic trading.

CONCLUSION

As mentioned in the introduction, the intention of this handbook is to leverage the work done in our IAB Programmatic Playbook published in October 2017 and further support both those that are very experienced but also completely new to the programmatic space.

We hope that you have found the content both useful and educational, whilst helping build an awareness of what to be cognisant of and giving you the confidence to grow your capabilities.

As a final section we have proposed some best practices that we feel the industry should align upon. Programmatic is too often treated as the bête noire of digital advertising, upon which everything we can blame all the practices that have recently eroded trust within the industry. Hence us wanting to set out some standards for auction mechanics.

Below is the reasoning behind these suggested principles:

- **Auction type clarity** – We need to start enforcing clarity on the auction type for any bid and believe that this should be mandatory. Not knowing whether the auction is 1st or 2nd price only confuses buyers and returns the industry to the mystical 'black box' practices, which the entire programmatic industry recently has been working so hard to move away from.

- **Process transparency** – Making the exchange vendors responsible for the declaration of the auction type puts the onus on them to provide full clarity to all participants. Auction type insight enables DSPs in turn to provide clarity for marketers which can ensure a fair and transparent marketplace for all advertisers. The auction type should follow the IAB recommendation of standardisation of 1: 1st price, 2: 2nd price, 3: fixed price.

- **Establishing trust with traders** – vendors contractually allowing buyers and sellers to have full clarity on any bidding strategies, and access to auditable log-level data, will help to establish trust in programmatic processes. This should to be offered by vendors, and buyers and sellers need to be prepared to ask for full transparency. If, for example, strategies such as bid caching are in place and activated, then buyers must be made fully aware and vendors must ensure that the criteria is fully understood. If the buyer is unhappy with the practice, then the SSP or exchange vendors must ensure and confirm that it has been switched-off. Again, this should be underpinned by enabling full access to log-level data and if necessary, written into contracts.

- **Fighting fraud via standards** – ad fraud remains a key issue for the industry and a unique problem with programmatic trading is that buyers are unknowingly and unintentionally buying fraudulent inventory. The combination of ads.txt to protect against domain spoofing and the forthcoming ads.cert to authorise programmatic inventory in real-time-bidding, will become the cornerstone in the industry's fight against programmatic fraud. However, these solutions can only work through widespread adoption and relentless industry collaboration. When combined with buying best practices and best-in-class advertising technology, we can all work together to truly minimise unintentional fraudulent programmatic trading.

CONCLUSION

Please treat these as suggested best practices and we are very open to feedback.

Also, be aware that these were originally written in December 2018 and are undergoing constant revision, as practices evolve so quickly. We intend to re-review and update this document every 6 months or so. This document is version 2, updated in February 2019.

Thanks again to all the contributors and to the Executive Technology Council for their support in producing this document.

JONAS JAANIMAGI
TECHNOLOGY LEAD
IAB AUSTRALIA

ADDITIONAL READING

IAB Programmatic Playbook (October 2017)

Introduction to ads.txt

OpenRTB 3.0 protocols (IAB Tech Lab - November 2018)

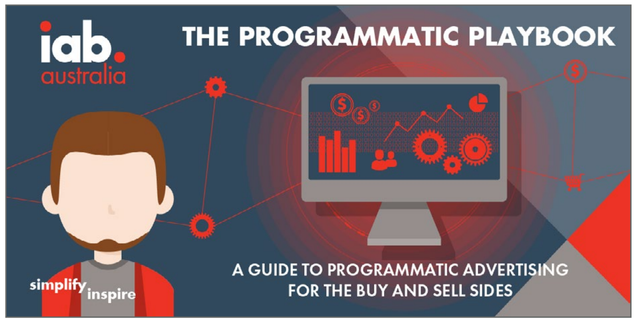
Advertising Technology Purchase Guidelines (March 2018)

The ads.cert v1.0 BETA DRAFT (Signed Bid Requests)

MORE RESOURCES FROM IAB AUSTRALIA

IAB PROGRAMMATIC PLAYBOOK

Download the *IAB Programmatic Playbook* here



This playbook expands and revisits the simple definitions of programmatic developed in the 2015 playbook, while further breaking down terminology for both the buy- and sell-sides.

AD TECH PURCHASE GUIDELINES

Download the *Advertising Technology Purchase Guidelines* here

There is no template for today's data-driven scenarios we are planning for, so transparency and knowledge sharing are a must. For that purpose, IAB Australia has created these guidelines for IAB members to download.

AUCTION MECHANICS PODCAST

Auction Mechanics: Let's Talk Header Bidding - Rohan Creasey of Rubicon

Programmatic is a continually changing area in digital advertising and can be rather complex in places. One area of huge change over the last few years has been the wide-scale publisher adoption of Header Bidding which has resulted in dramatic innovation in the digital advertising ecosystem.

Stay up-to-date with IAB Australia and the work we do to simplify and inspire the digital advertising industry by following us on LinkedIn, Twitter and Facebook, and subscribing to our monthly newsletter.

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