

## **Setting the record straight about our advertising technology business**

### **Advertising technology has made advertising work better for more people**

Over a century ago, John Wanamaker, the founder of one of America's first department stores, complained, "Half the money I spend on advertising is wasted; the problem is I don't know which half!"

Digital advertising technology has largely solved this problem, leading to more relevant ads and reducing customer-acquisition costs for businesses, which in turn lowers prices for consumers. The flexibility of digital advertising means a small business can reach customers anywhere, helping them compete with larger rivals. At the same time, it's created new ways for publishers to make money by putting their content online, which helps support free content for everyone.

To support all these goals, we've invested in and built products to support this industry for well over a decade. The Department of Justice's lawsuit puts at risk billions of dollars of value for publishers and advertisers, and useful ads and secure online experiences for consumers.

### **Here are some of the ways in which the DOJ's complaint's claims mischaracterize our business:**

#### **Regulators reviewed and cleared our acquisition of DoubleClick 15 years ago**

DOJ's complaint is attempting to undo our 2008 acquisition of DoubleClick. This acquisition allowed us to expand the services we offer to publishers. After a thorough investigation, the [Federal Trade Commission](#) cleared the acquisition, stating "evidence did not support the theories of potential competitive harm." In the 15 years since, we've invested significantly to improve the services originally offered by DoubleClick to help publishers grow their businesses with advertising. To claim that we should unwind this acquisition ignores this history, and would break many of the innovations we've made to support publishers.

Also in 2011, the [DOJ](#) itself investigated and cleared our acquisition of Admeld, a service that helped publishers monetize their ad space, finding "the transaction is not likely to substantially lessen competition in the sale of display advertising." In reaching this decision, DOJ recognized that "publishers often rely on multiple display advertising platforms" and noted the entrance of a number of new players in the display advertising industry.

#### **Publishers are free to use our ad exchange with different ad servers**

The lawsuit claims publishers are required to use our ad server in order to access our ad exchange. This is simply untrue, and like the Texas attorney general's complaint, this new suit provides no evidence to back it up. Publishers can and do use our ad exchange with a different ad server.

### **Many companies offer tools for advertising across the buy and sell-side**

Serving both advertisers and publishers is actually commonplace in the industry. Many firms with competing ad tech businesses, such as Amazon, Comcast and others, offer ad platforms and tools like ours that cater to both advertisers and publishers. In fact, last year, Microsoft acquired Xandr—an advertising platform that has a full ad tech stack that serves advertisers and publishers—and the government did not challenge this acquisition.

It's also worth noting that while Google offers integrated tools, which work well when used together, Google does not control the transaction. Google doesn't require either advertisers or publishers to use the whole "stack," and many don't. Ultimately, advertisers and publishers can choose what works best for their needs.

### **Our advertising technology is designed to help publishers and advertisers grow**

The complaint takes issue with product designs built specifically to benefit publishers and advertisers, not to disadvantage competitors. Dynamic Allocation, the feature associated with so-called "last look," was built by DoubleClick before Google's acquisition. This feature evolved out of an early phase in the ad tech industry; publishers would use products like DoubleClick to sequentially call other ad platforms and networks to see if a buyer would purchase the publisher's ad space. This sequencing, commonly known as a "waterfall," could have the following shortcoming: the first bid to beat the publisher's minimum price would win, even if another buyer was willing to pay more. Dynamic Allocation was designed to address this problem by making sure publishers did not lose out on a better price for their ad space. This helped publishers make more money.

And as technology evolved and Google Ad Manager transitioned to a unified, first-price auction, the so-called "last look" was phased out, further streamlining the buying process and reducing complexity for publishers and advertisers.

### **Open Bidding is a competitive response and improvement upon header bidding**

The complaint alleges that we prevented rivals from using a technology, header bidding, through our Open Bidding program. But again, the facts don't support that.

Header bidding is a tool that is widely adopted by publishers to increase competition from ad buyers for their ad space. We created an alternative to header bidding, called Open Bidding, that allows for the same competition, but runs within the ad server instead of on your device. This innovation improves on problems associated with header bidding, like webpages taking longer to load, device batteries draining faster and increased fraud.

Since we launched Open Bidding, header bidding's popularity has continued to grow. According to recent surveys from Advertiser Perceptions, 62% of publishers surveyed use

header bidding, and other sources report even higher rates. [Companies continue](#) to introduce more header bidding solutions for publishers. We simply haven't held header bidding back.

### **Our tools help advertisers bid more efficiently and help publishers make more money**

The complaint mischaracterizes tools that let advertisers bid more efficiently on all exchanges, including our own. These features were designed to prevent advertisers from inadvertently overpaying, resulting in savings that advertisers could use to purchase ad space that reached a wider audience. Several other companies across the industry — like The Trade Desk and MediaMath — offer similar services.

Further, the complaint mischaracterizes optimizations for publishers, which do not manipulate any bids. We offer publishers many ways to optimize the inventory they sell using Google Ad Manager to help them make more money from their ad space. We implement optimizations like this frequently, specifically to help publishers maximize their revenues. The programs referenced in the complaint were no different.

### **Publishers keep the vast majority of the revenue when they use our advertising technology.**

DOJ claims Google's advertising technology fees are harming publishers and moving more content behind paywalls. This simply is not true. Google's fees are below or consistent with reported industry averages. Millions of publishers choose to use Google advertising services, where they retain about 70% of the revenue that's generated. For some types of advertising, publishers retain [even more](#).

Moreover, Google has a direct business interest in helping ad-supported websites and mobile apps continue to thrive. Without free websites to search, people would have less need for search engines like ours. In this way, our interests in preserving the ad-supported internet are aligned with publishers who monetize through advertising.

### **We don't have a duty to bid on rival auctions**

American antitrust law does not require companies to give business to rivals, but that is exactly what DOJ is trying to force Google to do. DOJ's complaint alleges that Google should bid on rival exchanges on behalf of Google Ads customers the same way it bids on Google's own ad exchange. This claim misses the point that we've built our advertising technologies to interoperate with 80 competing platforms for publishers and even more for advertisers. Many publishers and advertisers who use our services also use rival platforms.