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Publishers may love it because it boosts revenue and reduces their dependency on Google, but header bidding does not deliver a simpler and more transparent digital ecosystem, says Oliver Gertz

Header bidding means that publishers can allow multiple demand sources to compete for each ad impression. They love it, and SSP vendors also praise the benefits it has brought. But it's still just a patch, not a long-term solution.

If we are truly listening to advertiser demand for transparency and simplicity, then header bidding should only be part of our industry for the short term.

I accept that it has been a success and opened up the market, but publishers no longer

have to separate direct sales from programmatic sales. They no longer have to run be sequential auctions, collecting one bid at a time all the way down the waterfall until someone accepts.

It also means that they are no longer dependent on Google Ad Manager, formerly DoubleClick for Publishers. This is the backbone for most publisher's sales processes and is also connected to demand from AdSense and Google Ad Exchange, bringing in significant revenues.

Before header bidding, publishers had to accept that Google's nice monthly check meant they could not optimise yield with competing SSPs. Now header bidding has allowed them to add additional sales partners without commercial risk.

The easy integration of additional demand partners also leads to greater competition between the SSPs. Today, 78% of publishers use header bidding and have an average of 6.5 SSPs integrated, according to adzerk. Even the integration of multiple SSPs with the same value proposition increases bid density and revenues.

So there are many happy faces at publishers and SSPs, many of whom add little to the ecosystem other than recycling the same inventory as their competitors.

But header bidding has also created problems, particularly for the buy side. True, we now have access to premium inventory that was not previously offered programmatically, but we are seeing the down-sides as well:

- To deal with being offered the same impression multiple times through different SSPs, DSP infrastructure costs have exploded, squeezing some of the weaker players out of the market.
- We've had to deploy new supply path optimisation and complex algorithms to help us decide which supply source to buy the impression from and mitigate the risk of price increase for the buyer.
- We've had to adapt to the end of the second-price auction. In the second-

price auction, the highest bidder wins but only pays 1¢ more than the second highest bid. In a first-price auction, buyers pay what they bid and expensive bidding algorithms have had to be developed to mitigate the risk of price increase.

- The increased competition between SSPs has led some of them to deploy questionable tactics such as bid caching.
- Header bidding increased latency and privacy concerns, more ad-tech means more tags on every page and more cookies being read.

Now we have to remember that everything the digital ad industry does is paid for by the advertisers. Yes, advertisers love competition that increases inventory availability and drives down prices. And yes they also want to buy all inventory programmatically.

However even more than that, they want simplicity – a cleaned-up Lumascape, with greater transparency. There's little point in having multiple SSPs, with the same features, selling to the same demand sources. That just adds complexity and cost.

The future is holistic yield management platforms, integrating the features of the publisher ad server with the features of the SSPs to sell all inventory across all buying routes.

That will simplify the marketplace and lead to the lowest possible number of intermediaries between the buyer and the seller. To achieve that we need technology partners that are focused on maximising the value for their customers – both on the buy-side and the sell-side.

The SSP's role is to maximise yields for the publisher and DSP's role is to maximise ROI for the advertiser – and both goals do not necessarily contradict each other if technology can help sell each impression to the advertiser for whom it has the highest value.

Header bidding and selling the same impressions simultaneously via dozens of sales channels is not the future. It was a stepping stone to open up the market, but now it's a is a duct-tape, quick-fix and very short-term solution.

The long-term solution is consolidation that allows publishers to choose a technology partner who will optimise their yield and sell to all demand sources. It allows advertisers, and their agencies, to choose technology partners that connect to all supplies and are 100% focussed on driving outcomes.

It requires ad-tech companies to position themselves as infrastructure providers that drive value for their clients, whether they are sell- or buy-side, and not as an additional cost-layer.

In the future, everyone will be focussed on creating value for their clients – and hopefully creating positive advertising experiences for consumers.

That can't happen while we still have header bidding.

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OPINION