

# Webinar: The Changing Face of Optimization

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## PRESENTER



**Ari Paparo**  
CEO and Co-Founder  
Beeswax

## MODERATOR



**Nancy Taffera-Santos**  
SVP, Media Solutions & Strategy  
eMarketer

*Presented by*

**BEESWAX** 

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# The Changing Face of Optimization

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**New approaches that deliver value for marketers  
that have in-housed their programmatic strategy**

# Ari Paparo

CEO & Co-Founder

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# Agenda

- 1 Optimization 101
- 2 Challenges of Optimization Today
- 3 The Way Forward



# Optimization 101

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# op·ti·mi·za·tion

/,äptəmə'zāSHən, äptə,mī'zāSHən/  
*noun*

“Finding an alternative with **the most cost effective or highest achievable performance** under the given constraints, by maximizing desired factors and minimizing undesired ones.”

(source)

# Key Factors that Power Optimization

The who, the where, the when, and the \$\$\$

THE WHO

User  
Scores



How valuable are  
your customers?

THE WHERE

Inventory  
Factors



How valuable is the  
inventory?

THE WHEN

Time  
Decay



How long  
has it been?

THE \$\$\$

Bid  
Shading



How much is every  
impression worth?









# Creating an Optimized Bidding Strategy

|   | User Score  |   | Inventory Factors   |   | Time Decay   |   | Bid Shading   |               |
|---|---|---|---|---|--|---|---|---------------|
|  |  | X |  | X |  | X |  | = Bid Price X |
|  |  | X |  | X |  | X |  | = Bid Price Y |
|  |  | X |  | X |  | X |  | = Bid Price Z |



# Understanding Inventory Factors

| Site/App     |   | Exchange   |   | Time of Day  |   | 30+ Factors   |               |
|--------------|---|------------|---|--|---|---|---------------|
| Buzzcats.com | X | Exchange 1 | X |  | X |  | = Bid Price X |
| Buzzdogs.com | X | Exchange 2 | X |  | X |  | = Bid Price Y |
| Buzzdogs.com | X | Exchange 3 | X |  | X |  | = Bid Price Z |

# Challenges with Optimization Today

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# 3 Major Challenges

- 1 The DSP “Black Box”
- 2 Simplified Optimization Levers
- 3 Build Your Own Technology



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# The DSP 'Black Box'

Lack of Data Security & Ownership

Your dedicated space within a traditional platform



Shared resources and pipes across all platform users

Multi-Tenant



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# 62%

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**of organizations  
admit that they  
are not fully  
leveraging their  
first-party data**

Source: [Forbes Insights](#)



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# Simplistic Optimization Levers



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# Traditional Approach: Proliferation of Line Items

This is hardly ideal.

```
iOS + Early Morning + Whitelist of high performing sites  
iOS + Afternoon + Whitelist of high performing sites  
iOS + Evening + Whitelist of high performing sites  
Android + Early Morning + Whitelist of high performing sites  
Android + Afternoon + Whitelist of high performing sites  
Android + Evening + Whitelist of high performing sites
```

Line items for every unique combination of variables

# Bid Factors/Bid Multipliers: Not Good Enough

## Bid Multipliers Offer Limited Control

*Flat CPM(4.0) \* iOS(1.2) \* Early Morning(1.4) \* Whitelist(1.1) = 7.32 CPM*

*Flat CPM(4.0) \* Android(0.8) \* Early Morning(1.4) \* Whitelist(1.1) = 4.92 CPM*

*Flat CPM(4.0) \* iOS(1.2) \* Afternoon(1.6) \* Whitelist(1.1) = 8.44 CPM*

*Flat CPM(4.0) \* Android(0.8) \* Afternoon(1.6) \* Whitelist(1.1) = 5.63 CPM*



**One line item, but multiple factors lead to erratic bidding**





# 3

## Building Your Own Bidding Tech

### It's Not Worth It

- ✘ It's expensive
- ✘ It's time-consuming
- ✘ It requires significant engineering resources
- ✘ It requires building integrations from scratch
- ✘ It's often low ROI as a result



# The Way Forward: A New Approach to Optimization

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THE \$\$\$

Bid  
Shading



How much is every  
impression worth?



# Addressing Today's Optimization Challenges

Finding the *right* tools to support your strategies



User Scores



Use your 1st party data to bid

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Inventory Factors



Deploy multivariate correlations

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Time Decay



Time matters!

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Bid Shading



Demand transparency



# Users as Segments

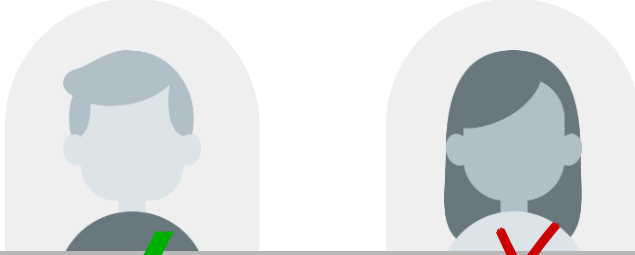


Diagram illustrating users as segments. Two user icons are shown. The first icon (male) has a green checkmark below it, and the second icon (female) has a red X below it. Below each icon is a box containing user classification and bidding strategy information.

| User   | User Classification | Bidding Strategy |
|--------|---------------------|------------------|
| Male   | "Good"              | Bid always       |
| Female | "Bad"               | Bid never        |

VS.

# Users as Scores




Diagram illustrating users as scores. Two user icons are shown. The first icon (male) has a yellow speech bubble with three stars (two red, one black) below it. The second icon (female) has a yellow speech bubble with three stars (two red, one black) below it. Below each icon is a box containing user classification, score, and bidding strategy information.

| User   | User Classification      | Score               | Bidding Strategy |
|--------|--------------------------|---------------------|------------------|
| Male   | Score 1.67 for offer ABC | Increase bid by 67% |                  |
| Female | Score 0.21 for offer ABC | Decrease bid by 79% |                  |



# Multivariate Inventory Factors

Set bid prices based on a specific combination of variables

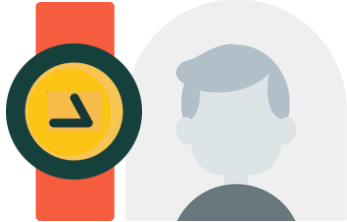



| device_os | hour_of_day | geo_city | domain      | value |
|-----------|-------------|----------|-------------|-------|
| iOS       | 1           | NEW YORK | nytimes.com | 1.50  |
| iOS       | 2           | NEW YORK | cnn.com     | 2.50  |
| Android   | 1           | LONDON   | cnn.com     | 3.50  |
| ...       | ...         | ...      |             | ...   |
| Android   | 24          | CHICAGO  | axios.com   | 4.50  |



# Time Matters!

Adjust your bid price based on engagement recency

| User  | Time Decay            | Bidding Strategy            |
|---|-----------------------|-----------------------------|
|  | Visited 5 minutes ago | = Increase Bid Price by 48% |
|  | Visited 2 days ago    | = Decrease Bid Price by 23% |

# Understand Bid Shading

Ask your partners these key questions:



- **How often do I lose a bid when I would have won without shading?**
- **How much money am I saving?**
- **How much is the fee for Bid Shading and how is it calculated?**
- **Is the sell-side (exchange) also shading?**





# A Range of Optimization Tools

Every Level of Optimization to Meet Every Need



## Standard Strategies

Get all the features of a traditional DSP on Day 1



## Bid Multipliers

Adjust bids against any RTB input to drive results



## Multivariate Models

Upload multivariate models directly to the bidder



## Bring Your Own Algorithm

Get code-level control over your bids

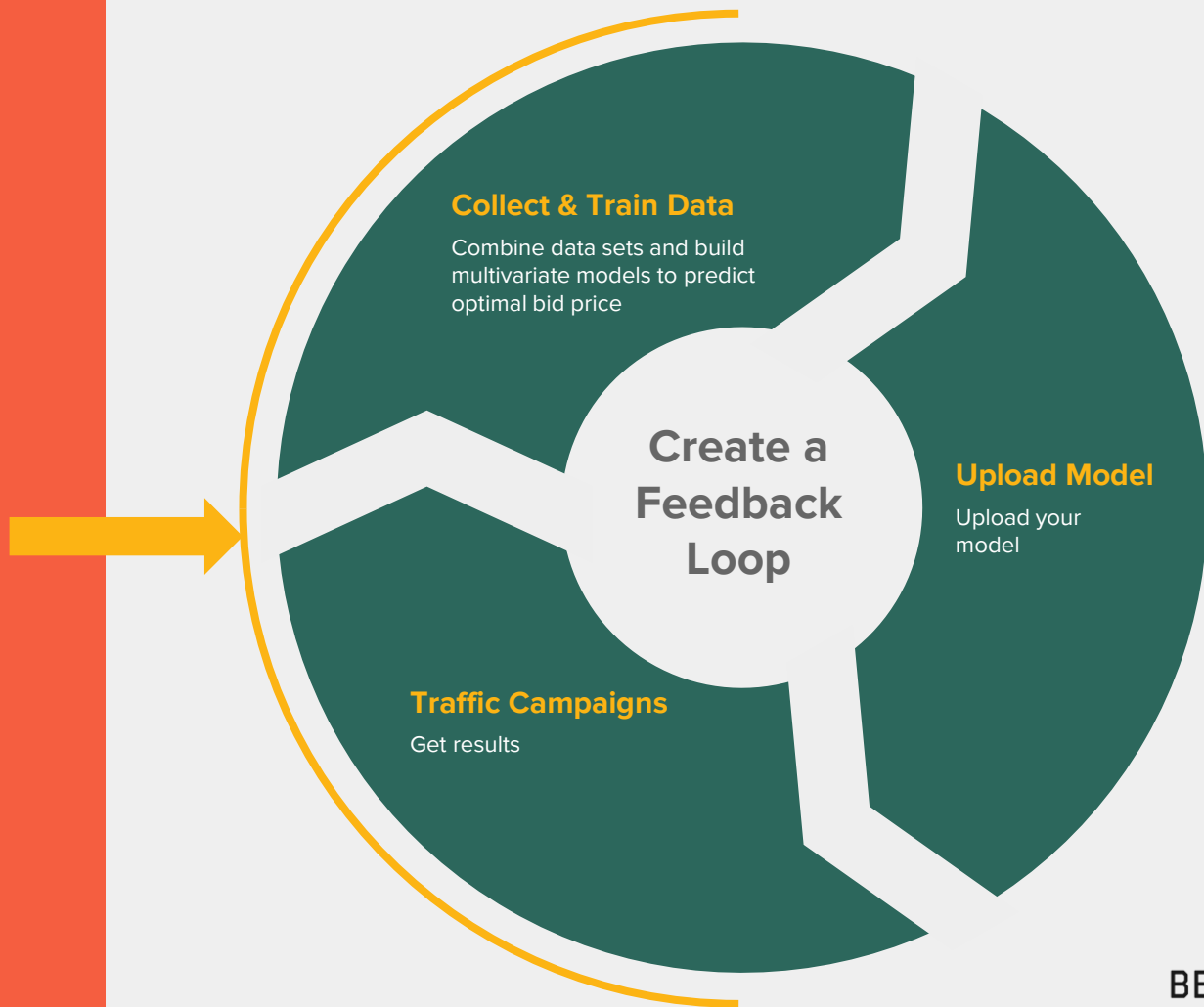


## Auction-Level Data

- Wins
- Bids
- Conversions

## First-Party Data

## Real-World Insights



# Introducing Beeswax Bid Models™

- ✓ Multivariate models uploaded directly to the bidder
- ✓ Can include bid shading and SPO as model inputs
- ✓ Bid Models is available now at no additional cost
- ✓ Visit [www.beeswax.com](http://www.beeswax.com) to learn more

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