

Tailoring Digital Ads

PubMatic has established its presence as a company that gives premium publishers a real-time selling platform through organic development, partnerships and acquisitions. At present, the founders are putting the rigour in place to ensure that the company is public market ready

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RAJEEV GOEL, FOUNDER, PUBMATIC

When Rajeev Goel and Amar Goel were working as publishers in 2005 – 06 focusing on content and audience monetisation, they found the systems to be limited in driving publisher control and monetisation. The duo was using the same advertising (ad) serving technology that was available then as everyone else. They were functioning on a publisher side ad server and some ad networks, and it was very hard to manage many sources efficiently. When they sought advice from other publishers, they discovered this was nearly a universal problem. And this gave birth to PubMatic, a silicon valley-based company. It was founded in 2006 by the Goel siblings and Mukul Kumar, Senior VP, Engineering and Anand Das, CTO, to give premium publishers a real-time selling platform for managing their revenue and brand strategy. “We started PubMatic to help publishers realise the full potential of their digital assets. That’s why the company is named PubMatic - automating (matic) the selling of publishers’ (pub) digital inventory,”

“ Our technology is designed for scalability and optimises tens of billions of impressions per month with an up-time of over 99.99 per cent. In doing this, like all leading digital media technology companies, we process massive amounts of data on a daily basis. ”

says Rajeev Goel, co-founder and CEO. When PubMatic was incorporated, the industry’s focus was very advertiser-centric. The biggest challenge for it was introducing an entirely new solution to the online advertising industry.

The company’s initial product was a self-serve interface for publishers that allowed it to set up its ad network relationships and experiment with monetisation. “This ended up being an amazing way for us to innovate. The publishers would use the platform in ways that we may not have considered. We learned so much during that time

and continue to apply that knowledge to how we innovate for premium publishers today,” shares Goel.

Today, PubMatic works with a range of publishers from WebMD and Rodale to Martha Stewart and TV Guide. “We work with all the major media and ad agencies that contract with our clients,” says Goel. PubMatic has over 300 employees and runs eight offices across the world, including one in Pune. While the company does have a significant business in India (both premium Indian publishers as well as non-Indian publishers with meaningful traffic from an Indian audience), its major markets are the U.S. and the U.K.

First of its kind

The company has established its presence as an independent publisher platform through organic development, partnerships and acquisitions. “We were the first sell-side platform (a technology platform that enables publishers to manage their ad impression inventory and maximise revenue from digital

SNAPSHOT

PubMatic

Founders: Rajeev Goel, Amar Goel, Mukul Kumar and Anand Das

Year: 2006

City: Redwood City

Investment: Recently raised US \$45 million as part of a mezzanine round of funding from Menlo Park, California-based investor, August Capital. Existing investors Draper Fisher Jurvetson, Nexus Venture Partners, Helion Ventures and Silicon Valley Bank have also participated in the round. The company had last raised a \$7.5 million Series C round of funding in April 2010. The latest round of funding takes the total venture capital raised by the company so far to US \$63 million.

WHAT NEXT?

- » PubMatic plans to continue looking for targeted acquisitions to simplify the technology complexities challenging its partners
- » Continue international expansion
- » Innovation for premium publishers and demand partners who want automated access to direct and indirect inventory
- » Getting the company ready for public market

media) to launch real-time bidding (RTB) (selling and buying online display advertising in real-time, one ad impression at a time) for publishers, helping publishers to maximise their revenue opportunities,” says Goel. “We had no competition for at least another 12 to 18 months,” he adds.

While the company has developed its products in-house and plans to continue to build innovative solutions for premium publishers, it will also look for targeted acquisitions that will enhance its offerings. In March, PubMatic acquired

Pune-based mobile technology startup MobiPrimo Technologies and this enables PubMatic’s mobile platform to integrate directly with leading mobile networks, ad servers and demand-side platforms. In May 2011, it acquired Boston-based ReviNet which gave it access to 57 new publishers in the U.S. market.

Problems that PubMatic solves for its customers:

Premium publishers are not maximising revenue due to:

- *Inability to monetise large portion of inventory*
- *Lack of transparency into performance across inventory*
- *Inability to deliver audiences at scale*
- *Ad tech landscape being complex and difficult to navigate*
- *Need more insights into audiences and ad performance*

Demand partners lack:

- *Access to quality media and audiences*
- *Reliable attribution models*
- *Effective audience targeting*
- *Efficiency and scale*

The company recently raised US\$ 45 million as part of a mezzanine round of funding from Menlo Park, California-based investor, August Capital. Existing investors Draper Fisher Jurvetson, Nexus Venture Partners, Helion Ventures and Silicon Valley Bank have also participated in the round. "We will use the capital to continue our targeted acquisition strategy to simplify the technology complexities challenging our partners and to strengthen our balance sheet," says Goel. Goel is responsible for PubMatic's business strategy and under his leadership, the company's revenue

has grown 33 times in the past two years.

The business model

Publishers have relationships with many advertisers who offer numerous advertisements. PubMatic provides the infrastructure for publishers to deliver those ads on their websites, ensuring that the right ad is seen by the right person in the right context. In 2012, the company introduced two major new solutions for premium publishers – PubDirect and PubLink. PubDirect is a tool that accelerates the publisher's ability to monetise their guaranteed and non-guaranteed inventory in a private marketplace that covers all demand channels. Publishers can also tap into PubLink, PubMatic's enterprise app marketplace. PubLink helps publishers to use PubMatic's strategic selling platform as a single point of integration to access partners and services in real-time.

Its selling platform bridges the gap between a publisher's direct sale of guaranteed inventory and its third party sold, non-guaranteed inventory. With PubMatic's platform, publishers have the ability to offer their inventory to over 400 demand partners (ad networks, demand side platforms, ad exchanges, and agency trading desks) globally and have on demand access to all the software, tools and services they need to realise the full potential of their digital assets. As far as PubMatic's buying partners go (demand partners), PubMatic offers them flexible campaign solutions that include audience targeting and geographic targeting.

PubMatic uses a revenue share model. "Our platform facilitates an auction between the advertisers (ad agency, trading desk or demand-side platform) which buys publisher inventory. PubMatic takes a share of the revenue generated by each transaction," says Goel.

Benefitting the user

PubMatic technology provides dynamic optimisation capabilities for publishers' advertising sales, including a unified optimisation engine that works across direct and automated sales channels, enabling publishers to earn the highest

revenue value on every impression (measure of number of times an ad is displayed). It also automates the media buying process and gives buyers and brands access to over 1,000 quality publishers. "Our ad price prediction algorithm gives advertisers improved placement to quality inventory," explains Goel, adding, "The AdFlex technology gives advertisers a transparent view of available inventory and allows them to scale campaign volume as needed."

PubMatic's technology is developed through agile development cycles and provides real-time transactional capabilities for dynamic automated selling. There are flexible tools for customisation of publisher rules and proprietary reporting analytics. The company's selling platform offers solutions to both massive enterprise publishers with significant direct sales teams as well as smaller publishers, who only sell indirectly. Talking about scalability of its solution, Goel says, "Our technology is designed for scalability and optimises tens of billions of impressions per month with an uptime of over 99.99 per cent. In doing this, like all leading digital media technology companies, we process massive amounts of data on a daily basis."

Getting ready for public market

The founders of PubMatic aim to build a company that can stand independently. "Making sure that the company is ready for the public market is an important step for us and we are putting the rigour in place across the organisation to manage to the cadence and reporting compliance of a public facing company," shares Goel. This operational rigour is valuable to PubMatic whether it is a private or public company. And to grow its business, the company plans to continue looking for targeted acquisitions to simplify the technology complexities challenging its partners. This will help it to be a prominent independent strategic selling platform. "We have stayed true to our mission and will continue delivering innovation and leadership in areas where we can have a positive impact on our customers' and partners' businesses," concludes Goel.