

How GroupM Utilizes Supply Path Optimization

Ad buyers want to get closer to publishers

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Ross Benes



An interview with:

Max Jaffe

Managing Partner, Programmatic Practice Lead
GroupM

To reduce the “tech tax” and make the complicated ad supply chain more manageable, ad buyers are trying to weed out intermediaries through a process called supply path optimization (SPO). Max Jaffe, programmatic practice lead at ad buying firm GroupM, spoke to eMarketer’s Ross Benes about how programmatic advertisers are creating more direct routes to the publishers they buy inventory from.

eMarketer:

Why do you use SPO?

Max Jaffe:

We want to consolidate our efforts and have many more in-depth conversations with a smaller landscape of providers out there. We believe it's better to have five conversations with the same company in a given week and really dive in deep, rather than be spread thin across multiple companies.

eMarketer:

How did you initially proceed with SPO?

Max Jaffe:

It's definitely a multifaceted kind of approach. This concept of SPO has gotten a little broad and gone through a couple different angles. The first step was really getting a sense of where we can access certain publishers through specific supply-side platforms (SSPs). We assessed things like inventory quality, prices, usability and fraud to assess which SSPs were stronger.

eMarketer:

How has SPO gotten more broad?

Max Jaffe:

Additional layers have been added on. Things like **buy-side fees** and **take rates** have popped up. We're trying to get a clearer sense of how much is being extracted along the supply path.

eMarketer:

That's a lot of tactics to group together under one term.

Max Jaffe:

That's why I have a love-hate relationship with the term SPO. Like most things in the industry, it was very clean-cut when it first started. There's a certain number of hops along the way from a buyer to the publisher, and the more efficiently you can get there the better. That was the simplified definition. But now a lot of things have been bucketed within that overall concept.

eMarketer:

When you try to reduce the inefficiencies and bring advertisers closer to the publisher, what sort of work goes into that?

Max Jaffe:

It includes conversations with DSPs [demand-side platforms] and SSPs. Also, a lot of it has involved having in-depth conversations with publishers and getting a better understanding of what their technology stack looks like.

eMarketer:

Is the goal to try to cut out as many middlemen as possible?

Max Jaffe:

An additional hop isn't always a bad thing. If there's transparency from the publisher explaining the reason for why they use a certain vendor, we can assess if there is value there.

eMarketer:

Can you give an example of when you might be OK with a publisher adding another vendor to the supply chain?

Max Jaffe:

An example would be if someone is creating more dynamic ad executions and that additional hop is truly driving value for the publisher and potentially for the brand. We always want to get as close to the publisher as possible, but there are a few nuanced situations where an extra hop can be deemed valuable.

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