



ACCC Digital Platforms Services Inquiry

**September 2022 Report on updating competition and consumer law
for digital platform services**

**Update on progress on ACCC recommendations in the Digital
Advertising Services Inquiry**

3 August 2022

INTRODUCTION

1. This submission provides an update on progress made on the three recommendations in the ACCC's Digital Advertising Services Inquiry (**Inquiry**) Final Report (**Final Report**) which called for action by Google or the broader industry:
 - a. *Recommendation 1:* Google should update its public facing materials to clearly explain how data collected from its consumer facing services (known as first-party data) is used to provide ad tech services.
 - b. *Recommendation 4:* Industry should work together to develop and implement standards that: (a) require ad tech providers operating in Australia to publish average fees and take rates for their services (**Fee Transparency Standard**); and (b) enable advertisers to assess Demand Side Platform (**DSP**) services independently and fully (**DSP Verification Standard**).
 - c. *Recommendation 5:* Google should provide publishers with additional information about the operation and outcomes of its publisher ad server auctions. This should include sufficient information to compare bids received from Google's Supply Side Platform (**SSP**) and Open Bidding, to bids received through header bidding. Publishers should also be able to match bid information to the price an impression is sold for.
2. In the Final Report, the ACCC indicated that if these recommendations were effectively implemented, measures to address the underlying concern would not be required in any proposed rules for ad tech.
3. Google believes that proposals for voluntary measures can be an important way to resolve issues or concerns identified by the ACCC. This provides stakeholders (whether individual companies or the broader industry) the opportunity to apply their expertise in the relevant area to come up with effective and proportionate solutions, which avoid the need for more stringent regulation that may result in unintended harm. This is particularly the case in a dynamic, multi-faceted and highly technical ecosystem such as ad tech.
4. Google is therefore happy to provide the updates below, which demonstrate that substantive progress has been made to address Recommendations 1, 4 and 5 in the Final Report.

UPDATE ON RECOMMENDATION 1

5. Underlying Recommendation 1 is the ACCC's concern that there is a perception that Google may be using its first-party data to provide targeted and personalised advertising via its ad tech services on third-party display ad inventory.
6. As we explained during the Inquiry, Google makes very limited use of individual first-party data in our ad tech products when bidding for and targeting ads on third-party websites and apps. However, we recognise the ACCC's view that in some instances our public facing materials could say this more clearly. Our approach to preparing public facing materials is to provide easily comprehensible information to our users and customers about the operation of our ad tech products, whilst remaining accurate. For example, the introduction of highly technical, relatively minor caveats could have the effect of confusing readers rather than helping them.
7. In light of Recommendation 1, we conducted a review of the following public facing materials to identify where updates may be appropriate:
 - a. Materials identified by the ACCC in the Final Report.
 - b. Materials identified by third-party submissions to the Inquiry.
 - c. Google's terms of service for our ad tech products, including policies and other help materials referred to in those terms.
 - d. Materials identified by Google personnel that sales teams and clients commonly use to further understand Google's policies around our ad tech products.
8. Following this review, Google has updated relevant materials online, and is in the process of updating further materials, including the Privacy Policy and related terms.
9. These updates will address the core issue underlying Recommendation 1. That is, clarifying that Google makes very limited use of individual first-party data for ad targeting on third-party inventory. At this time, we have not sought to make more detailed or complex updates regarding the use of data in our ad tech products. This is because we will be undertaking a further extensive review and update of our relevant public facing materials once third-party cookies are deprecated on Chrome and the commitments provided to the UK Competition and Markets Authority (**CMA**), as part of their Privacy Sandbox investigation (which we will apply globally), come into effect.
10. This will be an in-depth process that will require wholesale changes to relevant materials. Preparing the substance of these changes will be an extensive undertaking, to ensure that updates are clear, accurate and comprehensive. As such, the current updates seek to correct the perception about our use of first party data raised in the

Final Report, without making additional amendments that may be superseded when this upcoming review takes place.

11. More broadly, the legally binding commitments given to the UK CMA (which will be applied globally) mean that, after Chrome ends support for third-party cookies, we will not track users to target or measure digital advertising on inventory on third-party websites using either: (i) personal data from Google's user-facing services; or (ii) personal data regarding users' activities on websites other than those of the relevant advertiser and publisher.¹ The commitments therefore eliminate any ACCC concern that Google may utilise first party data to provide targeted advertising to individual users on third-party inventory through our ad tech products in the future.

UPDATE ON RECOMMENDATION 4

12. In November 2021, industry bodies and participants created a plan for the development of the standards under Recommendation 4. Led by IAB Australia, two working groups were established to lead this development:
 - a. A Technical Working Group with responsibility for developing proposal(s) for the content and structure of the standards. The working group meets regularly and consists of members from Google, other DSPs, SSPs, advertisers, publishers and industry bodies.
 - b. A Regulatory Working Group with responsibility for developing the model by which the standards will be implemented, based on the recommendations of the Technical Working Group. The taskforce consists of members from the IAB, AANA and MFA.
13. These Working Groups are engaging to reach consensus on the key elements to be incorporated in the standards. While certain aspects remain subject to ongoing discussion, the following elements have been agreed in principle.

Fee Transparency Standard:

- a. The key ad tech services to be covered by the standard. While there are hundreds of different ad tech services, the Technical Working Group identified those services for which it would be most meaningful to report on, from the perspective of advertisers and publishers. This ensures that the reporting does not become too complex, thereby diminishing the value of the disclosures.

¹ See, CMA, [Decision to accept commitments offered by Google in relation to its Privacy Sandbox Proposals, Appendix 1A](#) (February 2022).

- b. Ad tech suppliers who sign-up to the standard will be required to disclose average fees for the relevant ad tech services they supply for a specified timeframe.
- c. The specific disclosures required will be set out in an agreed template and capture different deal and inventory types, as suggested in the Final Report.
- d. The process for calculating average fees will be agreed to ensure consistency across ad tech providers.
- e. The disclosed fees will be subject to an audit to confirm accuracy.

DSP Verification Standard:

- a. As a starting point the standard is to focus on the following core measurement verification metrics (as identified in the Final Report): (a) viewability; (b) brand safety; and (c) ad fraud.
- b. The standard will stipulate the specific processes that DSPs who sign up will need to comply with in order to demonstrate that the metrics they produce under these three categories are reliable and accurate.
- c. These processes will include obtaining accreditations from existing industry-accepted accreditation providers. These accreditation processes (e.g. from the Media Ratings Council) are accepted as being based on a thorough independent audit of the data, processes and procedures used to produce relevant measurement metrics. As such, they provide appropriate assurance that the metrics are accurate and reliable.

14. Google, as a member of the Technical Working Group and Regulatory Working Group is pleased with the progress made to date and confident that the standards will be finalised and implemented with broad industry consensus in a manner which meets the ACCC’s underlying objectives in Recommendation 4.

A. Additional fee transparency solution

15. In addition to the Fee Transparency Standard, Google has developed a new feature, “Confirming Gross Revenues” (**CGR**), which will provide further transparency to ad buyers (i.e. agencies and advertisers) and publishers regarding the prices paid for ad tech services.² CGR will enable buyers and publishers to compare aggregate gross revenue amounts in order to ensure there are no hidden fees in the supply chain. This

² See, [Advancing transparency for buyers and publishers](#) (27 July 2022).

will address other concerns raised in the Final Report that a lack of transparency over fees across the supply chain may enable ad tech providers to charge hidden fees.³

16. CGR has been launched as a closed beta with full launch to occur after we receive and address initial feedback. CGR works as follows:
- a. An end buyer (i.e. an agency or advertiser) works with its DSP to define and create a unique “Revenue verification ID” at a campaign or advertiser level. The DSP then ensures that all eligible bids on behalf of the end buyer include this ID in the bid response.
 - b. The end buyer will be able to pull a Media Costs Report from its DSP interface over a certain time period, filtered for their “Revenue verification ID” and the “Publisher ID” of the publisher they would like to confirm gross revenue with.
 - c. From this report, the end buyer can see the total media cost and the DSP/Ad Network fees over that time period relevant to that particular publisher. It can subsequently confirm that the DSP/Ad Network fee matches the end buyer’s agreed rate with the DSP/Ad Network.
 - d. Publishers using Google’s Ad Manager product can run a Revenue Verification Report for the same time period, filtered for the Revenue Verification ID of the buyer. From this report, the publisher can aggregate gross revenue (i.e. the amount of media cost paid by the end buyer before Ad Manager’s fee is taken) and net revenue (i.e. the amount received by the publisher after Ad Manager’s fee is taken) coming from the end buyer’s “Revenue verification ID” for a given bidder and transaction type (i.e. Open Auction, Private Auction, Preferred Deals, or Programmatic Guaranteed).
 - e. The publisher can then deduct the net revenue amount from the gross revenue amount and confirm that the delta matches the publisher’s agreed rate with Ad Manager.
 - f. For a specific “Publisher ID” and “Revenue verification ID” pair, the end buyer and publisher can compare the total media cost (from the end buyer’s Media Costs Report) with the aggregated gross revenue (from the publisher’s Revenue Verification Report), which helps parties confirm there are no unexplainable discrepancies.⁴
17. Annexure 1 contains a visual representation of how this process will work. By following this process, CGR will enable advertisers and publishers to ensure that there are no

³ Final Report, p 157.

⁴ A small discrepancy can occur between the payment made by the DSP and the gross revenue of the SSP, due to different invalid traffic detection mechanisms and other discrepancies in the parties’ calculations.

hidden fees, while protecting user and customer privacy. In particular, confidential contractual information regarding fees will not be revealed.

18. This solution builds on years of work to increase transparency to programmatic advertising. In recent years, we've participated in industry transparency standards across our buy-side and sell-side businesses, like ads.txt / app-ads.txt,⁵ sellers.json⁶ and SupplyChain Object.⁷ For example, we recently brought SupplyChain Object data into Ads Data Hub to help marketers using Google's DSP, Display & Video 360, see the steps their impressions took before arriving on a publisher's site.
19. Together, these initiatives give partners greater visibility into digital advertising. This can help inform buying decisions, improve bid transparency and strengthen fraud detection.

UPDATE ON RECOMMENDATION 5

20. Google has introduced a new version of Ads Data Hub (**ADH**) for Ad Manager publishers (**ADH for Publishers**) which is currently in alpha development phase. Among other things, this product provides publishers with additional information on the operation and outcome of the Ad Manager auction, in line with the objectives of Recommendation 5.
21. In particular, ADH for Publishers will enable publishers to compare bids received through header bidding with bids received from Google's SSP (via Authorized Buyers) and Open Bidding. While enabling publishers to access additional data, ADH for Publishers also includes robust privacy checks to protect end-user privacy.
22. ADH for Publishers is designed to work as follows:
 - a. Google uploads event-level Ad Manager 360 data into a Google-managed data set on Google Cloud. For each Ad Manager request, this event-level information includes details about the query, auction, impressions, and other subsequent events (if applicable).
 - b. Publishers can upload their first party data into a separate data set on Google Cloud, and join it to the Google-managed data set.
 - c. Publishers can run queries over the data sets through the ADH interface (including 'joined' bid and impression data on individual events that includes bids from header bidding, Authorized Buyers or Open Bidding) to analyse data

⁵ See, [About ads.txt/app-ads.txt](#).

⁶ See, [Provide seller information with Sellers.json](#).

⁷ See, [Bid transparency with the SupplyChain Object](#).

they are interested in. For example, publishers can run queries to compare the bids received from Authorized Buyers, Open Bidders and header bidders and assess the value provided by header bidders and different bidders.

- d. The results of the queries run in ADH can be exported in aggregate form, after passing ADH's privacy checks:
 - i. The results are exported as aggregated datasets into the relevant publishers' data set, and stored there.
 - ii. ADH results can then be further exported from a publisher's data set in several formats.⁸ In particular, publishers can export the relevant data to third-party databases or as a file.

23. In line with Recommendation 5:

- a. This functionality will enable publishers to compare all bids for a given auction (whether placed through header bidding, Google's SSP (via Authorized Buyers), or Open Bidding). Publishers can join bid and impression data to analyse auction results from all participating bidders.
- b. ADH for Publishers allows publishers to write queries that join bid information to the price an impression is sold for to assess the net value provided by the winner per auction.
- c. ADH for Publishers also enables publishers to analyse the average bid price for each buying channel.
- d. This will make it easier for publishers to assess the value of header bidding and different SSPs for a given auction.

24. Importantly, ADH for Publishers provides publishers with additional transparency on the outcome of the Ad Manager auction, while still ensuring that user privacy is protected. It does this by imposing privacy checks⁹ and by aggregating data before it leaves the platform.¹⁰ These checks are designed to help prevent the transmission of data about individual users. When the results of a query in ADH don't pass privacy checks, ADH will display or return a privacy message informing the publisher that some rows were filtered out of the results. Publishers can, however, create a 'filtered row summary'

⁸ See further, [Exporting table data](#).

⁹ For example, in relation to most queries, publishers can only receive reporting data based on a pool of at least 50 users. This is to ensure that every row contains a large enough number of users to protect end-user privacy.

¹⁰ See further, [Privacy checks in Ads data Hub](#).

which will provide the totals for all the rows that have been filtered out, which can be checked against a publisher's reporting totals to ensure accuracy.¹¹

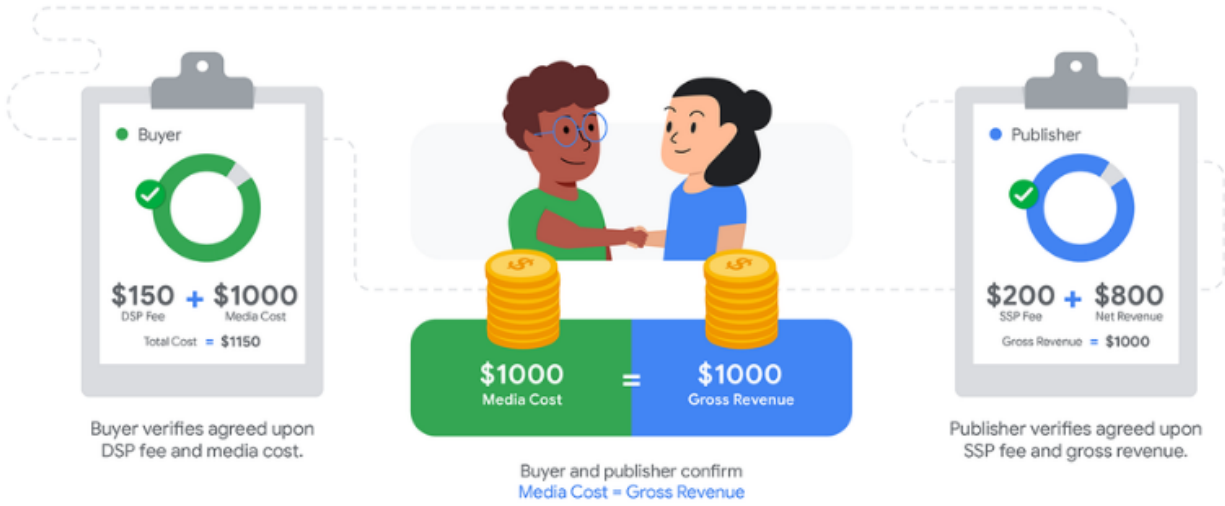
25. We would be happy to discuss ADH for Publishers further with the ACCC, including the way it achieves the objectives of Recommendation 5.

¹¹ Provided this summary row also passes privacy checks.

Annexure 1

Validation provided by Confirming Gross Revenues

How buyers and publishers use Confirming Gross Revenue to verify no hidden fees



Numbers in this image are hypothetical only to demonstrate the workflow of Confirming Gross Revenue.