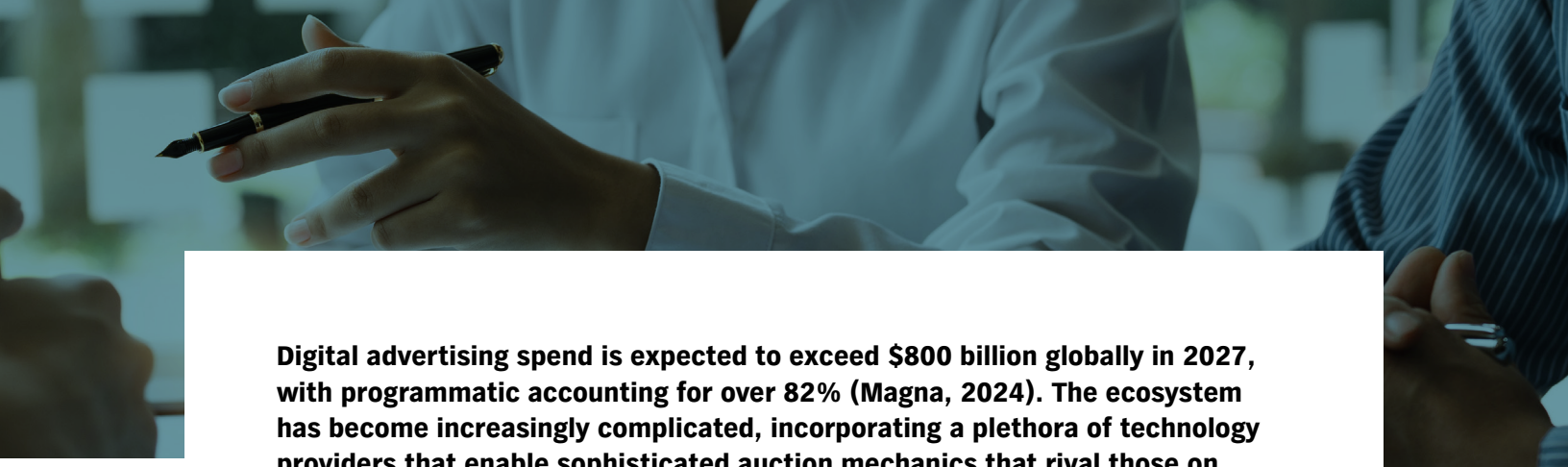




ADVERTISER'S SPO GUIDE



Digital advertising spend is expected to exceed \$800 billion globally in 2027, with programmatic accounting for over 82% (Magna, 2024). The ecosystem has become increasingly complicated, incorporating a plethora of technology providers that enable sophisticated auction mechanics that rival those on Wall Street. As more brand advertising spend flows into the programmatic ecosystem, players on both the buy- and sell-side of the industry are looking to simplify supply paths, increase transparency, control costs, and drive efficiency across the supply chain.

The concept of supply path optimization, or SPO, is not a new one. First introduced in 2016, it has evolved and morphed alongside the programmatic industry at large. SPO decisions are now being made across buyer profiles globally, regardless of the level of maturity programmatic in each market. Despite widespread adoption, many marketers are confused about what SPO involves, and who it impacts. Additionally, many misconceptions exist across the industry.

WHAT EXACTLY IS SPO?

SPO is an evaluation process in media purchasing that allows buyers and traders to assess the effectiveness of supply chain partners. It identifies opportunities for enhanced transparency and innovation in bidding processes.

WHY DO ADVERTISERS NEED TO DEVELOP THEIR OWN STRATEGIES?

While agencies provide valuable guidance, it's crucial for advertisers to develop their own supply path optimization strategies for the following reasons:

- **Maximize the Effectiveness of Your Marketing Budget:** Media often represents the largest marketing expenditure. Advertisers should take an active role in managing these investments to ensure performance, accountability, and transparency throughout the programmatic media supply chain. By taking ownership, advertisers can better align media spend with their overall business objectives.
- **Enhance Data Strategy:** Many marketers lack the skills to fully optimize their data management, particularly when it comes to securing log-level data. This data is essential for effective decision-making and driving growth through programmatic activities. By getting closer to SPO decisions, advertisers gain deeper insights, enabling them to make the most effective marketing choices for their brands.
- **Improve Access to Direct Supply:** Focus on securing inventory through direct supply paths rather than simply avoiding undesirable ones. Direct supply paths not only ensure higher quality but also provide greater control over media placements.

- **Ensure Brand Safety and Quality:** In the pursuit of cost-effective inventory, advertisers must also prioritize ad quality—ensuring that ads are viewable, fraud-free, and brand-safe. The cheapest media isn't always the best media, and advertisers should be prepared to pay higher CPMs if it means reducing or eliminating Made for Advertising (MFA) sites.
- **Optimizing Efficiency and Reduce Carbon Emissions:** A long supply chain with multiple resellers not only increases costs but also compromises important KPIs like viewability, invalid traffic (IVT) detection, brand safety, and inclusivity. Additionally, each extra “hop” in the supply chain adds to your carbon footprint, making a shorter, more direct path both cost-effective and environmentally responsible.

BENEFITS OF SPO

ECONOMIC CONTROL	SPO provides visibility into fees, auction dynamics, and the degree of direct connection to inventory, enabling buyers to maximize their advertising spend.
QUALITY CONTROL	SPO helps mitigate fraud, investigate MFA supply, and ensure brand safety by enabling buyers to avoid vendors associated with poor-quality inventory.
CONCENTRATED INNOVATION	By forging future-oriented partnerships with sell-side partners, buyers can influence product roadmaps and foster the development of custom technologies.
HOLISTIC VIEW	Simplifying programmatic auctions through SPO reduces complexity and provides traders with more transparent information, enhancing decision-making and results.
BEHAVIOURAL CONTROL	Transparency and simplicity foster accountability, positively influencing ROI by promoting responsible behaviour among supply partners.
RESPONSIBLE INVESTMENT	SPO helps drive investments into responsible media. As a result, brand (and public) safety is protected, diverse voices are heard, and representation in advertising is improved. Furthermore, SPO fosters the ethical use of data and application of AI to advertising, investment in responsible journalism and hard news, and helps to decarbonize the advertising and media supply chain.

PubMatic's industry-leading commitment to SPO is untangling a web of excessive fees and inefficiencies, re-establishing much-needed transparency. As of Q2 2024, 50% of the activity on PubMatic's platform is driven by SPO relationships with top ad agencies and advertisers. By combining our technology, insights, and expertise, we enable our partners to achieve their campaign objectives effectively. Our end-to-end SPO solution, [Activate](#), allows buyers to execute direct deals, accessing premium omnichannel inventory at scale. This single layer of technology directly connects buyers and sellers, reducing complexity, time, and costs, thereby increasing return on investment (ROI) for buyers and revenue for publishers.

WHAT ARE THE STEPS TO IMPLEMENTING AN EFFECTIVE SPO STRATEGY?

1 ACCESS

It is essential for advertisers to have a comprehensive understanding of their advertising supply across all channels and their own objectives and key performance indicators (KPIs). To achieve this, buyers should analyze their total spend across sell-side platforms (SSPs) and publishers. This analysis will provide a clear picture of how their budget is currently split between technology and media.

2 EVALUATE

With a clear understanding of their supply landscape and the unique factors that drive ROI, buyers can begin evaluating partners based on the value they deliver. Before initiating outreach, advertisers should ensure internal alignment and clearly define their SPO strategy and objectives.

Key questions to consider include:

- **What are my goals?** For example, is the aim to increase the percentage of budget that reaches publishers or to eliminate MFA (Made For Advertising) publishers from the media plan?
- **What key attributes should my sell-side partners have?** For example, do they offer access to audience addressability solutions?

3 CONSOLIDATE

Leverage insights gained from the access and evaluate phases to refine your consolidation strategy. Focus on forming partnerships that can support sustainable, long-term growth.

4 OPTIMIZE

Continual evaluation and refinement are crucial to maintaining an optimal supply path. Given that SPO decisions often assume future actions by selected partners, it is important to track their progress and ensure that campaign performance metrics are being met. Lastly, it is important to cultivate strong relationships with selected SSPs to help you adapt to evolving industry needs.

ADVERTISER'S SPO GUIDE

1	VISION & VALUE	Questions to Ask
<input type="checkbox"/>	Corporate Vision	What is your company's strategic vision?
<input type="checkbox"/>	Corporate Values	What values does your company abide by?
<input type="checkbox"/>	Differentiation	What differentiates your product offerings?
2	PRODUCT ROADMAP	Questions to Ask
<input type="checkbox"/>	Product Roadmap	What is your product roadmap for the next few years?
<input type="checkbox"/>	Buyer Participation	Do you allow buyers to influence your product roadmap? If so, what is your process?
<input type="checkbox"/>	Custom Technology	Have you built custom technology for buyers? If so, please provide as much detail as you can.
3	QUALITY & TRANSPARENCY	Questions to Ask
<input type="checkbox"/>	Inventory Quality Toolkit	Could you please outline in detail your quality products and process? Please provide details on the platform's methodology for defining MFA content.
<input type="checkbox"/>	Accreditations	Are you currently accredited by any industry bodies?
<input type="checkbox"/>	Publisher Fee Model(s)	Could you please outline your fee model in detail, including whether your fees are completely transparent and to whom they are disclosed?
<input type="checkbox"/>	Buyer Fee Model(s)	Do you offer any fee models to buyers?
<input type="checkbox"/>	Data Log Access	Do you offer buyers access to log data for verification or other use cases? If so, what fields do you make available?
<input type="checkbox"/>	Data Privacy	Are you able to outline your company's approach to data privacy?

4	INVENTORY FOOTPRINT & CREATIVE SUPPORT	<i>Questions to Ask</i>
<input type="checkbox"/>	Device and Format	Publisher and domain list by device type (e.g., desktop, mobile app, mobile web, CTV, etc.) and format type (e.g., display, video, etc.)
<input type="checkbox"/>	Access Type	Publisher and domain list by access type (i.e., direct vs. indirect)
<input type="checkbox"/>	Ads.txt and App-ads.txt Coverage	Ads.txt and App-ads.txt coverage by access type (i.e. direct vs. reseller – across all formats)
<input type="checkbox"/>	Creative	What formats are available? What is your creative validation process?
5	TRANSACTION TYPES & CURATION	<i>Questions to Ask</i>
<input type="checkbox"/>	Private Marketplaces (PMPs)	What private marketplace types do you support and with which DSPs?
<input type="checkbox"/>	PMP Management	What private marketplace management and troubleshooting tools do you offer?
<input type="checkbox"/>	Deal ID	Do you package inventory across one or more publishers under targetable deal IDs?
<input type="checkbox"/>	Curated Deals	Could you outline whether your SSP offers curated deals/curated deals products, if so, please state the formats available through such deals?
<input type="checkbox"/>	Reporting & Insights	What reporting and insights tools do you offer to buyers?
<input type="checkbox"/>	Other Advertiser Products	<p>Could you outline any other relevant products or solutions that can help an advertiser extract value when buying through SSP, including any relevant details?</p> <p>Please outline any direct to buyer/direct buying solutions available through your SSP with reference to inventory types available and any limitations.</p>

6	AUCTION TRANSPARENCY	<i>Questions to Ask</i>
<input type="checkbox"/>	Auction Transparency	Could you outline in detail how your auction works?
7	AUDIENCE ADDRESSABILITY SOLUTIONS	<i>Questions to Ask</i>
<input type="checkbox"/>	Data	Could you please list all audience data sources you have access to and highlight how you obtain and use this data?
<input type="checkbox"/>	Cookieless Solutions	Could you please state the cookieless solutions that are available or supported by your technology?
<input type="checkbox"/>	ID Solutions	What ID solutions do you work with?
<input type="checkbox"/>	Contextual Solutions	Could you outline the contextual solutions that are available through your SSP and any partners you work with?
<input type="checkbox"/>	Privacy Sandbox	Do you support Privacy Sandbox testing?
8	CTV	<i>Questions to Ask</i>
<input type="checkbox"/>	Inventory Sources	What types of CTV inventory sources do you have access to? Does this differ for OTT? Are there specific verticals you specialize in? Are there any key differentiators we should be aware of?
<input type="checkbox"/>	Use Cases	What are the best use cases for a brand to partner with you for CTV activation?
<input type="checkbox"/>	Targeting	What metrics are available for CTV-specific campaigns?
9	INNOVATION	<i>Questions to Ask</i>
<input type="checkbox"/>	Trends & Innovation	What are you doing to remain competitive in the crowded supply space? What innovations are you making to differentiate yourself (e.g. live discounting)?
<input type="checkbox"/>	Commerce Media	What commerce media solutions do you have?

10	RESPONSIBLE MEDIA	<i>Questions to Ask</i>
<input type="checkbox"/>	D&I	<p>Could you outline your company's approach to diversity and inclusion, and share initiatives you are most proud of?</p> <p>Could you please provide a comprehensive list of your multicultural publishers?</p> <p>How are you validating their diversity owned status (certified or self-declared)?</p>
<input type="checkbox"/>	Sustainability	<p>Could you outline your company's approach to sustainability and share the business initiatives you are most proud of?</p> <p>Are you partnered with any sustainability partners?</p> <p>Are any sustainable media products available?</p> <p>Are you currently taking any actions to measure and review carbon footprint of the inventory you sell? If yes, which technology are you using?</p>
<input type="checkbox"/>	Responsible Journalism	<p>How do you support quality journalism and responsible media? Please outline your external partnerships.</p>
11	MEASUREMENT	<i>Questions to Ask</i>
<input type="checkbox"/>	Brand Uplift	<p>Are brand lift studies available?</p>
<input type="checkbox"/>	Measurement & Attribution	<p>Do you have any 3rd party partner integrations or partnerships in place to support measurement and attribution?</p>

EXPLORE SPO DEAL TYPES

SPO Deal Type	Description	Example Use Case
PREFERRED SUPPLY PARTNERSHIPS	Partners with a select group of sell-side partners to bypass intermediaries, reducing costs and improving transparency.	A retail brand works exclusively with three trusted sell-side partners for premium inventory access, minimizing exposure to low-quality impressions.
FIRST-LOOK OR DIRECT PATH DEALS	Buyer negotiates for a “first look” at inventory before it enters the open exchange, securing quality inventory at better rates.	A tech company establishes a first-look deal with a sell-side tech partner, prioritizing bids on premium publisher inventory for high-visibility placements.
REDUCED SUPPLY CHAIN FEES	Selects a sell-side partner with lower, transparent fees, enabling more ad spend to go toward actual media costs.	An agency chooses a sell-side partner with lower fees to optimize spending and make media cost structures clearer.
PRIVATE MARKETPLACE (PMP) DEALS	Curates a specific set of publishers or inventory sources in a PMP, ensuring the supply path includes high-quality, brand-safe publishers.	A consumer goods company initiates PMP deals with top CTV publishers aligned with its target audience, creating a high-quality, custom inventory pool.
SUPPLY AGGREGATION DEALS	Consolidates inventory access through select sell-side partners, reducing redundant auctions and simplifying inventory insights and pricing benefits.	An automotive advertiser limits supply to two partners, reducing auction clutter and improving win rates for premium inventory.
PROGRAMMATIC DIRECT DEALS	Guarantees access to premium inventory outside of open auctions, typically with a direct relationship between advertiser and publisher.	A luxury fashion brand uses Programmatic Direct to ensure ads run only on select fashion and lifestyle publisher sites, prioritizing video inventory.
INVENTORY QUALITY-BASED SPO	Selects inventory based on quality metrics like ad viewability, brand safety scores, and fraud detection rates, improving the path’s traffic quality.	A financial services brand prioritizes paths with 80%+ viewability rates and high safety scores, ensuring spend is focused on inventory more likely to meet performance and safety goals.

IN SUMMARY, SPO MEANS...



FEWER PARTNERS AND GREATER IMPACT



TRANSPARENCY IS KEY



GIVING ADVERTISERS MORE CONTROL



FOCUS ON THE QUALITY SUPPLY OVER QUANTITY



SPO CONTRIBUTES TOWARDS SUSTAINABILITY GOALS

SPO benefits the entire advertising ecosystem. SPO also enhances the viewer experience by delivering more relevant and engaging content.

About PubMatic

PubMatic (Nasdaq: PUBM) is an independent technology company maximizing customer value by delivering digital advertising's supply chain of the future. PubMatic's sell-side platform empowers the world's leading digital content creators across the open internet to control access to their inventory and increase monetization by enabling marketers to drive return on investment and reach addressable audiences across ad formats and devices. Since 2006, our infrastructure-driven approach has allowed for the efficient processing and utilization of data in real time. By delivering scalable and flexible programmatic innovation, we improve outcomes for our customers while championing a vibrant and transparent digital advertising supply chain.

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