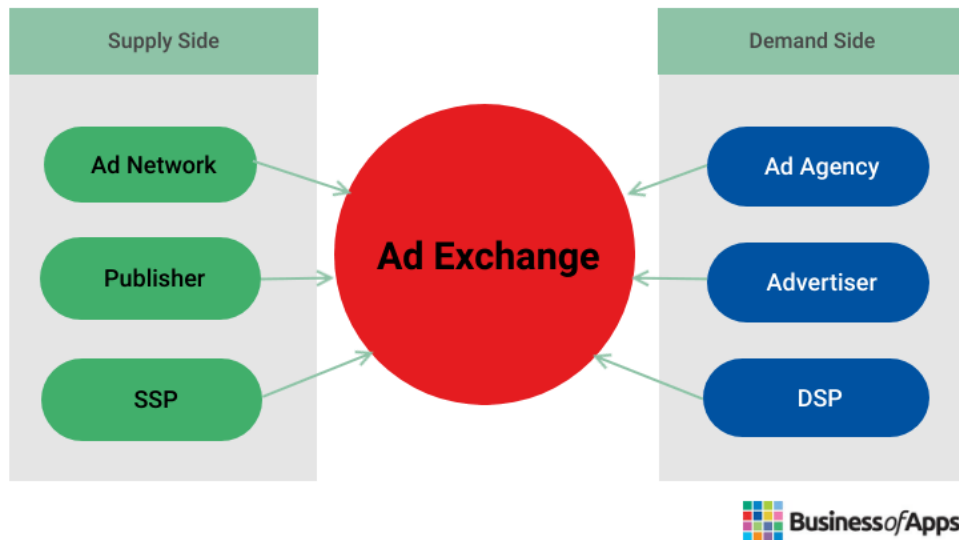




## Ad Exchange



What is an ad exchange?

An ad exchange is technology used in programmatic advertising that facilitates the buying and selling of digital inventory using real-time bidding (RTB).

Think of an ad exchange as a digital marketplace where advertisers, agencies, publishers, supply-side platforms (SSPs), and demand-side platforms (DSPs) can bid on advertising inventory from various publishers. Advertisers determine the price by participating in the bidding process.

Open ad exchange

An open ad exchange is a marketplace that allows all sellers, buyers, ad networks, and advertisers to access the buying and selling of digital inventory.

Private ad exchange or private marketplace (PMP)

A private ad exchange or private marketplace (PMP), on the other hand, is a more controlled marketplace where only select publishers and buyers compete for inventory.



What is the difference between ad exchanges and ad networks?

Both ad exchanges and ad networks are programmatic software that are used during the buying and selling of digital ads, but each serves a slightly different purpose. While an ad exchange functions as a marketplace for publishers and advertisers to buy and sell digital inventory, an ad network buys inventory from publishers and then sells it to advertisers as more of an intermediary. (This ad network model does not typically include RTB capabilities).

#### Benefits of an ad exchange

In 2021, programmatic advertising made up 89% of all digital advertising spend.<sup>1</sup> This type of advertising is on the rise because it is fast, efficient, and cost-effective. Through RTB, advertisers are able to have more control over their buying, which cuts down on wasted ad impressions by serving ads to relevant audiences and minimizing ad fraud risk.

Meanwhile, publishers are able to use this ad tech to find the right demand sources to work with, based on factors like latency, unique demand, bid rates, and ad space availability. This allows for the optimization of their inventory to specify which advertisers can buy at what pricing. An ad exchange can give publishers and advertisers control over inventory by defining the location, format, content, and budget of placements. Additionally, ad exchanges can give buyers the ability to apply brand safety mechanisms and reach an audience across multiple publishers and formats. Buyers can also measure performance to better understand which publishers or content categories are leading to preferred outcomes.