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Xandr + Microsoft

Transparency and Trust: How Microsoft is Delivering Quality at Scale with Xandr Monetize

Across MSN, Outlook, Skype, Windows, and Xbox, Microsoft has consistently focused on delivering quality inventory at scale.

Since partnering with Xandr in 2010, the two companies have worked hand-inhand to ensure that premium advertisers can access brand-safe, curated, and highly viewable programmatic inventory. Partnering together over the last eight years to lead the industry in quality, trust, and transparency initiatives, we are excited to share our efforts to make the digital advertising ecosystem a safer place for advertisers.

Microsoft connects a global audience of more than 1 billion to quality information and premium entertainment, and helps them do more through their online services. In addition to providing these essential services to consumers, Microsoft has consistently distinguished itself as an industry leader by implementing new solutions to ensure a safe, transparent, and viewable environment. Today, Microsoft delivers more than 700 billion impressions annually in the Xandr ecosystem, across display, video, and mobile channels. By focusing on a world-class user experience and setting up their pages to render ads in-view, Microsoft's publisher brands boast a viewable inventory rate of over 85% according to Xandr's viewability analysis — well above the industry average.

These impressive results are no accident. For the past eight years, Microsoft has worked hand-in-hand with Xandr to develop new advertising technology products and find new ways to make digital advertising a better experience for brands and consumers alike. By studying their relationship, we can trace a clear path from where programmatic has been, to where it is today, to where it is going in the years to come. (continued on next page)

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In The Beginning

When Xandr and Microsoft first began working together in 2010, programmatic technology was seen as something of a double-edged sword.

On one hand, publishers could generate additional opportunity by opening their inventory to a growing channel of new buyers located all over the world. On the other, programmatic buying distanced publishers' human sales teams from the process, making it difficult for them to vet the advertisers they worked with or the ads that wound up running on their sites. For premium publishers like Microsoft, this lack of control made programmatic a potential threat to the reputations they had worked so hard to build.

Microsoft and Xandr came together in 2010 with the shared goal of building a trustworthy programmatic marketplace for advertisers and publishers. They hoped to create an ecosystem where publishers could capitalize on programmatic's promise without having to worry that their visitors would be exposed to inappropriate or intrusive advertising.

Since then, they have taken a number of key steps in enacting this vision. From the implementation of the first publisher programmatic controls to the adoption of transparent auction standards, Microsoft and Xandr have led the way in building the popular, effective and brand-safe programmatic marketplace they always thought possible.

2011: Microsoft Launches Microsoft Advertising Exchange

Microsoft became one of the first major premium publisher to test the programmatic waters when it launched the Microsoft Advertising Exchange (MAX) in March 2011.

Built on the Xandr technology stack, MAX was the first exchange to combine strong ad quality controls and human auditors to filter ads eligible to purchase the inventory. In order to meet Microsoft's lofty brand safety standards, Xandr developed an audit process that would soon become the template for how the company evaluated every advertiser on its platform.

In essence, MAX gave Microsoft the best of both worlds: the higher yields and greater scale of programmatic, combined with the brand safety and ad quality assurances of its direct sales process. Microsoft initially filled MAX with the remnant inventory its human sales team was unable to sell, but the company's programmatic journey was only just beginning.

Microsoft soon found that its programmatic partnership delivered sustainable yields while maintaining its brand safety and ad quality standards.

2015: Microsoft Goes 100% Programmatic In Key Global Markets

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After four years of great results, the company became the first of its size to go 100% programmatic in ten key European markets. The move allowed Microsoft to drive major efficiencies at scale for their business, reducing the size of the direct sales team and instead utilizing Xandr's internal Global Supply Evangelism Team, a small group of programmatic experts tasked with promoting Microsoft's inventory to buyers.

Things progressed so well that Microsoft expanded its Supply Evangelism partnership with Xandr to an additional 39 countries later in the year. This team highlighted strong viewability and performance outcomes that Microsoft was able to deliver to advertisers.

2017: Microsoft Joins Xandr In Its Move To Transparent Auctions

As the rest of the digital world followed Microsoft in prioritizing programmatic, it became increasingly important for vendors and publishers to provide detailed insight into how each impression was sold.

In 2017, Microsoft became the first major publisher to join Xandr' effort to implement transparent auctions, a visible communication that tells buyers what kind of auction they're entering as the bid request is sent. By informing advertisers that they participating in a first- or second-price auction and alerting them to any price floors, this innovation allowed buyers to better understand how their bid prices influenced their win-rate and clearing price. As a result, Microsoft's advertisers were able to make smarter bidding decisions, with full confidence that they were participating in a fair and transparent auction.

Today, Microsoft proudly operates a transparent, premium marketplace, one where advertisers can clearly see the publisher's auction dynamic, pricing model, ad-tech taxes, and authorized sellers.

2017-2018: Microsoft Takes The Lead On Optimizing The Supply Path

One unfortunate byproduct of programmatic's rising popularity is that it has made the entire ecosystem more complex. With so many buyers, sellers and vendors getting in on the action, a host of middlemen have swooped in to swipe small fees through the supply chain between advertisers and publishers.

Removing these supply chain inefficiencies is why Microsoft chose Xandr as its exclusive SSP and why Microsoft shows strong support of Xandr supply path optimization, which helps advertisers take the most direct route possible to their desired inventory. Through this, Microsoft has built trust with buyers by assuring them that their budgets are being spent on media rather than markups.

2018: Microsoft And Xandr Work To Stamp Out Fraud With Ads.txt

For all the success Microsoft has had with programmatic, the digital ecosystem has long been plagued by advertising fraud. In recent years, bad actors have profited from Microsoft's premium reputation by disguising their low-quality inventory as real Microsoft impressions.

In order to stamp out the black hats, Xandr has partnered with a range of industry stakeholders to adopt Ads.txt, a program that shows buyers which entities actually have permission to a sell a publisher's impressions in order to prevent unauthorized inventory sales. Microsoft was quick to implement Ads.txt on MSN and Outlook globally.

Into The Future: Microsoft And Xandr Tackle New Frontiers In Quality And Transparency

Taking a step back to think, it's remarkable how far Xandr and Microsoft have come over the past eight years. When their partnership began, programmatic was advertising's wild west. Today, Microsoft proudly operates a transparent, premium marketplace, one where advertisers can clearly see the publisher's auction dynamic, pricing model, ad-tech taxes, and authorized sellers.

As automation and artificial intelligence continue transforming the advertising industry, publishers and their technology partners will undoubtedly be presented with new quality and transparency challenges. Yet for all the change that lies on the horizon, advertisers can count on Microsoft and Xandr to continue doing the work they have always done, in pursuit of a marketplace that is transparent, trustworthy, and open.