

## CASE STUDY

# Xandr + Microsoft

## How Xandr helped Microsoft go fully programmatic and transform its publishing business

“Our Nordic Programmatic Pilot proved that programmatic buying was, and is, the future of digital publishing. The impact on our CPMs was substantial, and we were thrilled to see how much the shift streamlined our sales process.”

Kelly Davidson

Microsoft, Director of Global Partnerships

### The Challenge

Microsoft needed to minimize overhead and maximize its advertising revenues

Microsoft is one of the world’s leading technology companies and the owner of a portfolio of premium digital publisher brands. As the parent company of MSN, LinkedIn, Outlook.com, Skype, Windows, Bing and Xbox, Microsoft empowers people and organizations to achieve more, all while helping brands make valuable connections across display, video, mobile, and native.

Microsoft and Xandr first came together in 2010 with the shared goal of building a trustworthy programmatic marketplace for advertisers and publishers. In March 2011, Microsoft became one of the first major premium publishers to test the programmatic waters when it launched the Microsoft Advertising Exchange (MAX).

Built on Xandr Monetize, Xandr’s strategic selling platform, a key focus for MAX was ad quality and brand safety. MAX was one of the first exchanges to combine strong ad quality controls and human auditors to filter

the inventory that was eligible for purchase and the demand that was able to buy. MAX gave Microsoft the best of both worlds: the higher yields and greater efficiency of programmatic and the brand safety and ad quality assurances of its direct sales process.

In the Fall of 2014, after the launch of MAX, Microsoft turned its focus to increasing profitability and efficiency in its European publishing business. At the time, the majority of Microsoft’s inventory was being sold by the large human sales team at Microsoft Advertising, with only remnant inventory being made available to programmatic buyers through MAX. As a result, the company faced challenges commonly associated with a largely Direct Sales organization such as higher overhead costs, declining reserved/sponsorship buyer trends and less efficient manual operations.

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## The Solution

### Microsoft kicks off a Programmatic Pilot in the Nordics to test efficiency and revenue potential of programmatic sales channels

To address these challenges, Microsoft began a pilot in the Fall of 2014 to test how much revenue could be generated through the programmatic sales channel in the four Nordic countries.

The pilot was designed to shift the business model from Programmatic Remnant to Programmatic Parity in the Nordic markets, which meant that Microsoft's

programmatic partners could now purchase inventory on an even footing with direct buyers via the Xandr Console and had access to all Microsoft inventory, rather than just remnant inventory. Advertisers now had the opportunity to leverage Microsoft's first-party data to optimize their buying, and Microsoft began enabling its large banner format and expandable rich media programmatically.

## The Results

### Microsoft goes 100% programmatic in key global markets and drives an 18% increase in ad revenues in less than one year

The Nordic pilot quickly demonstrated the massive potential of programmatic. Within six months, Microsoft successfully pushed 57% of the region's revenues into programmatic channels by giving the markets the necessary access to execute the buys themselves. Capitalizing on declining reserved trends and buyers' growing interest in programmatic, the company fetched higher CPMs from buyers who were willing to pay a premium to reach specific audiences in real time, based on their data-backed targeting. In addition, the shift towards programmatic buying reduced the burden on Microsoft's sales team, who now experienced greater operational efficiency, spent less time on manual optimizations, and generated an increase in total advertising revenue in comparison to previous years.

The pilot was so successful that Microsoft became the first publisher of its size to go 100% programmatic in ten European markets. In addition to lifting CPMs, the move allowed Microsoft to drive major efficiencies at scale for their business, reducing the size of its direct sales team and outsourcing much of the sales responsibilities to Xandr's Global Supply Evangelism Team, a team of programmatic experts dedicated to promoting Microsoft's inventory in markets across the globe.

By enabling all programmatic demand sources, Microsoft's year-over-year ad revenues were up 18% in less than a year in those European markets — on top of the profits created by the reduction in overhead.

Stemming from this continued growth, Microsoft announced its decision to expand its Global Supply Evangelism strategy with Xandr to an additional 39 countries in December 2015.

"The growth of programmatic ad sales has transformed our global publishing business," said Barry Dougan, Vice President of Global Advertising at Microsoft. "We're seeing a high volume of premium demand on the Xandr platform, we're getting top-flight service from the Global Supply Evangelism Team and our revenues continue to grow. In our largest markets, where we still have some reserved sales, we've seen programmatic buyers growing to account for around two thirds of our revenue."



### About Microsoft

Microsoft's consumer properties — including MSN, Outlook.com, Skype, Windows, and Xbox — empower people and organizations to achieve more and help brands make valuable connections across display, video, and mobile.

For more information, follow the company at [@Microsoft](#) or visit [microsoft.com](https://microsoft.com)



### About Xandr

Xandr is AT&T's advertising company and a leader in addressable TV, creating a better solution for advertisers and media companies. Xandr Invest and Xandr Monetize, our strategic platforms built on more than a decade of AppNexus' innovation, optimize media spend across screens for buyers and sellers alike. Community, powered by Xandr, is a curated marketplace of premium publishers, providing access to unique consumer insights in a brand-safe environment. For more than 143 years, AT&T has used data and technology to inform and improve the consumer experience.