

Dismantling Google Will Not Fix the Adtech Ecosystem

After months of anticipation, when Google's verdict was finally announced, the tech giant was found to be in violation of antitrust law. This was a surprise to almost no one.

We have to wait for the judge to rule on remedies, and also wait for appeals and other parts of the legal process to be completed. Net-net, it's going to take a while before anything happens (unless Google takes some action on its own that satisfies the judge).

But it's worth imagining what the future might look like. If we assume that Google also loses its appeals, and the judge puts some sort of remedies in place, how might the digital advertising world change in the future?

We don't know what the remedies will be, but we do know some things the Department of Justice has proposed. To keep this simple, let's stick purely to things related directly to advertising, even though the judge's remedies could go beyond ads. Let's assume three things happen:

1. Google is forced to divest of Google Ad Manager (GAM) and its ad exchange, AdX. Let's also assume that these are spun off into a separate company.
2. The GAM/AdX spinoff is forced to make AdX available to publishers outside GAM. Most web publishers use Prebid as the primary source of programmatic revenue, so AdX would need to build a Prebid adapter like all other SSPs on the market.

3. Google is forced to continue sending programmatic demand to the web at the same rate it does today. One risk is that Google stops its DV360 and Google Ads platforms from bidding on the open web, so a remedy needs to consider this; AdX without DV360 and Google Ads demand is a weak SSP.

Lots more could happen, but this is a good starting point for imagining the future.

April 2, 2029. On this completely made-up date, these three things occur. Immediately, most publishers will install the AdX Prebid adapter. This will give them a second path to AdX demand (in addition to going through GAM) and will be a slight net positive for publisher revenue.

Additionally, some savvy programmatic-only publishers will likely drop GAM for a much simpler ad server. They'll still want AdX demand, but since they can get it through Prebid, the revenue impact of turning off GAM will be small.

Competitive SSPs will either buy or build their own ad servers. Some already have some ad server tech in-house, and they'll likely be augmenting those teams in advance of whatever happens on the Google antitrust front. Ad serving on its own isn't a great business, so it's likely only going to be successful if you can bundle programmatic demand with it, which is why Google did it.

Quickly, the publisher adtech market becomes much more competitive. Publishers with heavier direct businesses or more business processes tied into GAM will take longer before considering another ad server. GAM is very feature-rich, and a competitor getting to that level of features and integrations—like with DMPs and OMSes—will take time. But publishers that are lighter on direct sales will quickly start to look into options.

While changing market dynamics is a good thing, it doesn't necessarily mean that publishers' businesses will improve overall. For business to be positively impacted, either or both of two things need to happen: The first is that adtech fees need to go down; the second is that advertisers need to spend more money on the web.

Regarding fee reduction from the adtech ecosystem, I'm not confident that these remedies make much of a difference. The adtech market outside of Google is already quite competitive, and while Google's fees are among the highest, most of their competitors' fees are also quite high. Additionally, many other adtech companies earn fees unaffected by these changes—curation fees, data fees, technology fees, verification fees, etc.

Advertiser spending is the more critical lever: Can these remedies make the web a more attractive platform for advertiser budgets? This is a harder question to answer. Does Google being broken up help The Trade Desk, Amazon, or other large DSPs not just steal share from Google, but also help them actually “grow the pie?”

Maybe. If buyers feel that the market is more competitive, they'll be more likely to invest in the web. Those other DSPs must convince advertisers that this is true and prove it with results. A significant component could be The Trade Desk and other major DSPs taking an even stronger stand on market transparency; with Google no longer the proverbial 800-pound gorilla, it will be on others to fill the gaps. The Trade Desk has already been doing a lot of this, but they'll need to do even more, and others will need to step up.

The biggest issue that hangs over all of this is the search

antitrust case. If the judges and DOJ decide to consider both cases together and create remedies that span the issues, this could lead to much larger changes that could totally disrupt the dynamics of the market. While publisher adtech has undoubtedly been a challenging market, many of the issues publishers face today go far beyond that market. A more unified set of remedies creates much more opportunities to level the playing field in the future.

All of this is to say that while it may be true Google took anticompetitive actions to achieve its dominant market position in publisher adtech, reversing those actions will not simply improve the overall market. Perhaps most importantly, the issues specific to the adtech market today are unrelated to the future issues that Google could cause for web publishers, which are almost entirely about the traffic that Google sends to websites. But that's a story for another day.

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