

Media Dojo Tear Sheet

YieldEx

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Summary: YieldEx works with online publishers to manage and optimize their advertising inventory.

The Problem being Attacked: Online publishers have just as much of a supply chain management problem as manufacturers. The unit of analysis is the advertising real estate on web pages and other digital collateral but the problem is much the same. Without having a firm grip on what inventory is available, pricing trends, and other factors, the default option for most online publishers is to have a 3rd party ad network fill in the gap. TRANSLATION: leave money on the table.

The Approach to the Problem: YieldEx ingests server log data from a publisher each night to crunch it into usable information to run queries against. The system imports all sales orders and proposal information, emulating the delivery scenario for each insertion order to determine the outcome in terms of revenue as well as available capacity to sell. Publishers can account for all the targeting combinations and permutations based on their existing customers, bake in seasonal or other fluctuating factors, and address to main areas: (a) What did I make off what I just sold?, and (b) What have I got left and what's a good price for it?

Customer Base: To date, YieldEx is fairly conservative with giving out customer names or numbers. The main public win was Martha Stewart Living Omnimedia in February 2009.

Ownership: Privately funded from 2 rounds. The latest \$8.5m B round was in February 2009 (coinciding with the MSLO customer deal) led by Madrona Ventures, with Amazon.com, Sequel Ventures, and First Round Ventures also participating.

Unique Point: The YieldEx founders were all web 1.0 advertising technology guys who knew what they always wanted to do but didn't have the cost-effective IT firepower to do it until cloud computing came along. YieldEx CEO Tom Shields founded Net Gravity, which built some of the first online ad servers. Co-founder Doug Cosman built Match Logic, one of the first interactive marketing platforms that was acquired by Excite. Another executive, Larry Allen, was an early hire at Tacoda as well as Real Media, one of the first online ad serving companies. Given this DNA, there won't be many surprises under the hood that this team hasn't seen before.

Cloud Angle: YieldEx is a SaaS provider who charges customers a monthly flat fee based on volume. Smaller publishers typically turn over several GB of server log data each night while larger publishers like MSLO turn over several hundred GB for nightly processing. Simply put, the business wouldn't be viable from either a cost model or a revenue stream for such diverse customer sizes without the cloud.