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CORPORATE PARTICIPANTS

David L. Day The Rubicon Project, Inc. - CFO
Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
Nick Kormeluk The Rubicon Project, Inc. - VP of IR & Head of Global Real Estate

CONFERENCE CALL PARTICIPANTS

Jason Michael Kreyer Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst
Kyle William Evans Stephens Inc., Research Division - MD
Lee T. Krowl B. Riley FBR, Inc., Research Division - Associate Analyst
Matthew Corey Thornton SunTrust Robinson Humphrey, Inc., Research Division - VP

PRESENTATION

Operator

Good day, and welcome to the Rubicon Third Quarter Earnings Conference Call and Webcast. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Mr. Nick Kormeluk. Please go ahead.

Nick Kormeluk The Rubicon Project, Inc. - VP of IR & Head of Global Real Estate

Thank you, operator, and good afternoon, everyone. Welcome to Rubicon Project's Third Quarter 2019 Earnings Conference Call. As a reminder, this conference call is being recorded. Joining me on the call today are: Michael Barrett, President and CEO; and David Day, our CFO. I would like to point out that we have posted financial highlight slides to our Investor Relations website to accompany today's presentation.

Before we get started, I'd like to remind you that our prepared remarks and answers to questions will include information that might be considered to be forward-looking statements, including, but not limited to statements concerning our anticipated financial performance and strategic objectives.

These statements are not guarantees of future performance. They reflect our current views with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. A discussion of these risks and other – of these and other risks, uncertainties and assumptions is set forth in the company's periodic reports filed with the SEC, including our 2018 Annual Report on Form 10-K and subsequent filings.

We undertake no obligation to update forward-looking statements or relevant risks. Our commentary today will include non-GAAP financial measures. Reconciliations between GAAP and non-GAAP metrics for our reported results can be found in our earnings press release and in the financial highlights deck that is posted on our Investor Relations website.

We define cash flow as adjusted EBITDA less capital expenditures, which excludes changes in working capital. At times, in response to your questions, we may offer incremental metrics to provide greater insights into the dynamics of our business.

Please be advised that this additional detail may be onetime in nature, and we may or may not provide an update on the future of these metrics.

I encourage you to visit our Investor Relations website to access our press release, financial highlights deck, periodic SEC reports and webcast replay of today's call to learn more about Rubicon Project.

I will now turn the call over to Michael. Please go ahead.
Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director

Thank you, Nick. We are pleased to post another solid quarter with revenue of $37.6 million, reflecting year-over-year revenue growth of 27%. Importantly, our bottom line came in very strong, showing the leverage we have in our business model. We delivered $6.1 million of adjusted EBITDA carrying a 16% margin.

We continue to perform very well during the time of industry consolidation and feel very good about our position with buyers and sellers, especially as we’ve realized the first, albeit small, revenue from Demand Manager in the fourth quarter.

Stepping back from Q3 specific performance, I wanted to give some context and perspective and industry trends that have influenced several of our strategic moves. Our first strategic objective when I started at Rubicon was to build our position in header bidding and regain our independent market-leading position.

Header bidding caused an explosion in ad requests over the past few years and we're focused on ingesting as many impressions as possible to really understand the new market dynamics of header. This large volume of ad requests required a significant amount of CapEx in cloud investment for both us and our DSP partners. Our first move to optimize this inventory of scale was buying nToggle for their traffic shaping technologies and industry leadership on the demand side.

We have now reached the stage that allows us to refine unit economics and to focus to a greater degree on profitability, along with our focus on revenue growth. This takes the form of filtering, prioritizing, removing and eliminating various impressions and creating further efficiencies in the large volumes of internal data flows. The results of our efforts in this phase have more significantly manifested themselves in our financial performance this quarter. This also completely aligns with buyers and sellers priorities of getting the most streamlined and efficient supply possible, and have more ad dollars flow to working media. This allows us to sharpen our focus on mobile, audio, video and Demand Manager.

Back to current revenue trends. As was the case in Q2, in Q3, was saw some monthly revenue variability during the quarter. Q3 started strong, followed by some volatility, which included: first, Google's move to a first-price unified auction structure that included Google's removal of last look advantage, which had historically hurt win rates of others. From what we've observed, thus far, after initial period of volatility, the net results have been neutral to slightly positive. Second, our implementation of app-ads.txt and seller.json (sic) [sellers.json] later in the quarter, which are industry initiatives that highlight transparency in the supply chain.

The impact of these has slightly reduced top line revenue. And lastly, implementation of efficiency and profitability initiatives and network optimization through expanded traffic shaping, filtering and low-value inventory scrubbing was slightly negative to revenue, but improved bottom line flow through.

I'd like to focus on network benefits realizing Q3 that resulted from a number of initiatives and allowed us to operate with a more efficient cost base even as our ad request doubled on a year-over-year basis. 2 key efficiency drivers came together this quarter. First was greater benefit from deploying our traffic shaping and filtering technology into the software layer vertex deck. Previously, we had deployed filtering and traffic shaping with a more costly hardware-based solution. The software layer development allowed for removal of servers in our exchange, a reduction in related data center cost and allowed us to remove non-monetizing impressions and reduce network load. A second network optimization move made in Q3 was removing inventory that either did not monetize or monetize at very low CPMs or filled rates that were not profitable.

On all fronts, the nToggle acquisition has greatly exceeded expectations. From the financial benefits of lowering our annual CapEx spending from $40 million back in 2017 to $20 million each of the last 2 years to lowering our network operating expenses to the leadership who are the foundation of our buyer-sales team, we've benefited across the board.

Given the strong financial performance we had in Q3, we believe we are on track to deliver our long-term targeted adjusted EBITDA margins of 25% or higher.
Let's turn to our growth drivers. Our long-term growth drivers remain unchanged, supply path optimization, video and Demand Manager. We continue to see supply path optimization, or SPO attention with the agencies, brands and DSPs with a typical seasonal pause related to annual code freeze in Q4. Video continues to be a driver of our revenue growth. The rate of growth in Q2, Q3 was in line with industry growth rates and the opportunity for CTV remains very promising for the long term.

We are very pleased with the high customer interest and our continued customer pipeline progression for Demand Manager, which has now begun initial revenue generation. We are also excited to have announced the purchase of RTK.io, a leader in the emerging space of Prebid tools. RTK provides Prebid tools in services that brings simplicity and control to header bidding for publishers and the acquisition ad some of the world's top Prebid experts and developers to our already great team. The RTK customer base is highly complementary to our existing pipeline and we'll add to our early revenue generation.

We are thrilled to double down on this growth opportunity for the future. Our plan is to merge both products in the coming months in a best-of-breed combination that further distances us from any competitive offerings. We are very pleased with our Demand Manager customer engagement with the additions of Business Insider, LA Times and Everyday Health among others to those previously announced back in May. Revenue from our Prebid tools business will be more predictable than our auction business since it's based on a much larger ad spend base from our publishers as opposed to just the portion of their ad spends that runs through our exchange. It will also be stickier, and we anticipate we'll build steadily similar to a service-based software model.

It will also carry strong incremental margins, continuing to add to the financial leverage in our business. We are very pleased to be adding the service revenue toward overall revenue base for the long-term.

As you are aware, a Demand Manager solution is built on Prebid, the open source standard that’s used by hundreds of the world's largest sellers and respected across the ecosystem for transparency and flexibility. Prebid continues to gain greater publisher support with each passing month and a number of publishers and developers adding code now numbers in the hundreds and has critical mass.

We will share more customer and financial details about Demand Manager and the addition of RTK on our Q4 call, as previously indicated.

Our journey to recovery started with growing ads spent and amounts paid to sellers back in 2017 and 2018. We then moved to growing revenue in 2018 and 2019, crossing over to positive adjusted EBITDA late last year and this year.

For the full year 2019, inclusive of our Q4 guidance, which David will discuss shortly, we expect to post year-over-year revenue growth of approximately 25% with adjusted EBITDA margins in the mid-teens and positive cash flow for the full year. While we still have much work to do, we are pleased with top line growth and even more so with the bottom line performance this past quarter.

Our market position and growth drivers, combined with the powerful leverage we have in our business model puts us in a great position to grow, invest in the business and delivering improved profitability going forward.

With that, I will hand things over to David who will go into greater detail regarding our Q3 financial performance.

David L. Day The Rubicon Project, Inc. - CFO

Thanks, Michael. We are happy with our solid results for Q3. We generated $37.6 million in revenue, a 27% increase year-over-year, meaningfully controlled operating expenses, and as a result, generated adjusted EBITDA of $6.1 million.

The year-over-year increase in revenue was once again driven by solid growth in both take rate and ad spend. Revenue came in slightly lower than our guidance due to the factors as noted by Michael. Our mobile revenue grew 26%, our desktop revenue grew 28% and video and audio revenue continued to be growth drivers in the quarter.

Operating expenses, which in our case, includes cost of revenue for the third quarter of 2019 were $44 million, flat as compared to the same period a year ago. On an adjusted EBITDA basis, operating expenses including cost of revenue for the third quarter were down to
$31.5 million from $33.5 million in Q2 2019, and roughly flat versus $31.2 million in Q3 2018. This is 10% lower than the total adjusted EBITDA operating expenses of $35 million we expected as noted on our last call.

This improvement was primarily driven by lower-than-expected network cost related to the traffic shaping and filtering efficiency gains, which Michael mentioned. The efficiency gains outpaced even our estimates as we realized network capacity savings in cloud and connectivity cost. As a result, our gross margin for the third quarter was 63%, up from 51% in the same period a year ago.

Net loss was $6.2 million in the third quarter of 2019 as compared to a net loss of $13.8 million in the third quarter of 2018. As I mentioned earlier, adjusted EBITDA was $6.1 million, which represents a 16% margin compared to an adjusted EBITDA loss of $1.4 million reported in the same period one year ago. The improvements in net loss and adjusted EBITDA were driven primarily by higher revenues as cost remained relatively flat.

GAAP loss per share was $0.12 for the third quarter of 2019 compared to GAAP loss per share of $0.27 in the same period in 2018. Non-GAAP loss per share in the third quarter of 2019 was $0.02 compared to non-GAAP loss per share of $0.18 reported for the same period in 2018. Capital expenditures including the purchases of property and equipment as well as capitalized internal use software development costs were $7.1 million for the third quarter of 2019. We closed the third quarter with $85 million in cash, roughly flat versus the $86 million balance at the end of Q2.

As a reminder, our cash and marketable security balances can swing disproportionately, both up and down, compared to the run rate of our business since we collect and pay the growth amount of flow through to our sellers while we record revenue on a net basis. Please also keep in mind that after the close of the quarter, we used $11 million in cash for the purchase of RTK.

For the quarter, we had roughly $1 million of negative cash flow, excluding changes in working capital, which we calculate as adjusted EBITDA less CapEx.

We'll now share some indications for our fourth quarter expectations. These expectations include the impact of RTK in the quarter since the date of acquisition. We expect revenue for the fourth quarter to be in the range of $47 million to $48.5 million. We expect that adjusted EBITDA operating expenses in Q4, including cost of revenue, will be approximately $33 million. This represents the continued benefit from our network efficiency initiatives. As a result, we expect an adjusted EBITDA margin approaching 30%. We continue to expect the CapEx for the full year 2019 will be in line with prior guidance at the $20 million level similar to 2018.

I'd like to provide some additional context for our revenue growth expectations for Q4 compared to Q3. First and foremost, and as we've discussed in the past, Q4 will structurally no longer have the favorable year-over-year take rate comparisons. Second, we focused on greater network efficiency, which has filtered out the lower CPM and low-margin inventory resulting in some drag to revenue growth, but adding profitability benefits.

Third, we are seeing a normalization in video growth rates partially attributable to app-ads.txt and seller.json (sic) [sellers.json] implementation.

It's been quite a journey of the last several years as we've turned from negative revenue growth to solid double-digit revenue growth.

As Michael noted, we are also entering in a phase of significant unit economic focus. We're beginning to see the significant upside from the financial leverage in our model and expect adjusted EBITDA margins of 15% or more for the full year 2019 and expect to be cash flow positive for the full year 2019, one year ahead of expectations.

With that, let's open the line for Q&A.

QUESTIONS AND ANSWERS
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Operator
(Operator Instructions) Your first question comes from Jason Kreyer with Craig-Hallum.

Jason Michael Kreyer Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst
Just wanted to touch on, Michael, your commentary on just the app-ads.txt and sellers.json. If you can provide a little bit more explanation on how those had kind of a little bit of a hiccup towards the end of the quarter there. And then I'm not sure I'm connecting the right dots, but we saw mobile growth slowdown a little bit in the quarter. Was that related to the, kind of the app-ads.txt implementation or is there something else and better than that?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
Yes. Jason, I'll jump on some of this and let David chime in. Yes. So the -- we've often talked about new developments that occur in our marketplace, the exchange that sometimes favor one side versus the other, imbalances of CPMs, bid jamming by publishers in the beginning of header, and we all kind of feel as though, despite the fact that we had to do this on a 90-day sprints, it tends to reach an equilibrium at a certain point. I think our feeling is that although, we implemented app-ads.txt and seller.json (sic) [sellers.json] per the rules of the industry that some of it was unfairly -- unfairly hurt our publishers and I think they feel the same way that there are some legitimate resellers out there, some legitimate avenues to acquire their inventory that was profitable for them. They felt very strongly that it provided value-added, but buyers kind of approached it with just one-size-fits-all and if it's not from the direct source, we're going to pause it and review it as it comes across on a case-by-case basis. So I don't think we've seen the full extent of either initiative, but I also feel as though we've seen the bulk of it, and that over time, I think we're going to see a balance return to more equilibrium that would help the publisher. And I would say to answer your question about mobile and video so app-ads.txt disproportionately affected video on mobile in international markets. So you saw a kind of a triple -- trifecta there from the application of app-ads.txt and again, I -- our gut tells us it swung a little bit out of balance and it will come back, but that's it. Listen, it's really good for the industry and if we got dinged by it slightly, I can't imagine what other exchanges earns, well curated, well lit, well policies are, so I think it's good. Anytime you can create greater efficiencies for buyers to reach resellers with less fees along the way, that's good. It puts more dollars to working media, so we are totally leaning into it. We just think that like any initiatives be it GDPR, be it Google's move to first prize, there's always going to be this period of uncertainty, may be overreaction on one side versus the other, but over time, I think it's good for the industry. We aggressively enforced it, and I think it will shake out as the quarters go on.

Jason Michael Kreyer Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst
Got it. And maybe David, kind of related, is there any way we can qualify these 2 developments and look at what kind of a headwind that created? Or is it kind of complicated the tide to several categories?

David L. Day The Rubicon Project, Inc. - CFO
I think, like Michael said, there is some impact, I think, we talked about a couple of factors that impacted our revenue for the quarter and have impact going forward, and we think are actually unrelated clean up, not clean up, but our focus on unit economics probably was a little bit greater of a driver in that impact. So I guess it had some impact, but it's not a huge impact.

Jason Michael Kreyer Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst
Okay. Switching gears a little bit. There's been a lot more talk that I've heard from people just on accessing log level data, and I think that you've been participating in that with brands and agencies and whatnot. And just wondering if you can give some perspective on how broad based that is and if that creates an opportunity for you to get a little bit closer to the sources with brands and agencies?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
Yes. Another good question, Jason. We've been very favorably disposed to helping buyers understand exactly how much dollars are going to working media, and a lot of that disclosure at the bid level is helpful to them in that respect, and we think it's helpful to us because we made decisions to lower our take rates to below industry average. And so we feel is that we'll be the net beneficiary of it. As far as the momentum of it, it certainly started at the marketer level, not necessarily the agency level. And I haven't seen it spread like wildfire, but then there's this other concept of direct connect, and now all of a sudden, you're kind of merging 2 concepts into one, so I think the broader bucket would be direct connect, which would give you not just the direct connection as the name implies, but it would also give you log level data in many cases. And so that, I think, you've seen initiatives that we've done it and you've seen press releases and you've
seen people talking about in the industry, and although some folks have said, while they're going to the depth of the exchange, we kind
of feel opposite. We think that's the evolution of the exchange and where it should go. So we're really leaning into that too and think
we're kind of leading the industry as it relates to initiatives there. And that, I think, has a lot more momentum than one-off. I want to
make sure that buy I did for $600,000, I want to see every bid, what price it cleared at et cetera.

Jason Michael Kreyer
Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst

Last one, and I'll see the floor. I think we talked before that Prebid was going to be adding support for video. I think that was expected to
occur at some point in Q3. I was never able to track down whether or not that happened. So just wanted to see if you could confirm if
that's there yet and if you think that that could be a driver for a little bit of a rebound in video growth?

Michael G. Barrett
The Rubicon Project, Inc. - President, CEO & Director

Yes. So I'm not trying to be vague, I just don't have the information on my fingertips as to what developed in Q3 on the Prebid roadmap.
There's no question that video is going to be a big role, probably more impactful as it moves to the server, but be that as it may, yes, so as
we've talked about Prebid and its aspirations as a .org, there is no question that it wants to be kind of a complete operating system for
publishers, a monetization. And videos are very important piece of it. So there are assets, video assets that we're developing, we're
putting to Prebid. I've heard that AppNexus is putting tools into Prebid. So yes, there's no -- Prebid is not just for desktop, it's for mobiles,
it's for videos, it's for everything and that's the natural evolution of the vision we have for it.

Operator

Lee T. Krowl with B. Riley FBR.

Lee T. Krowl
B. Riley FBR, Inc., Research Division - Associate Analyst

Real quick, just on audio. Kind of wanted to maybe connect the dots, spotify on their call, highlighted that a migration within Google
impacted the quarterly results on the ad-supported site. Did you guys feel that impact as well just given your relationship there?

Michael G. Barrett
The Rubicon Project, Inc. - President, CEO & Director

No. We really didn't. So we have such a distributed inventory base and their overall growth was still very healthy, so their issues didn't
really impact us.

Lee T. Krowl
B. Riley FBR, Inc., Research Division - Associate Analyst

Got it. And then these developments with filtering and driving some margin through efficiencies in the quarter. You know it seems like
you guys had a fairly notable jump across the board realizing these efficiencies. Do you guys kind of anticipate that now that everything's
fully implemented that you've kind of level set or is there incremental improvement in Q4 expected as well in terms of the filtering and
efficiency initiative?

Michael G. Barrett
The Rubicon Project, Inc. - President, CEO & Director

Well from a cost basis with our guide of the $33 million and adjusted EBITDA OpEx, which includes cost of revenues. There's a slight
uptick in those cost of revenue costs. But if you think about it, we're absorbing with the fourth quarter heavy season, a much greater
increase in ad request, and so we're still -- we see significant efficiency gains continuing forward. We haven't given 2020 guidance, but
we can see some additional leverage of the cloud, which could result in some incremental OpEx costs there and cost of revenue, but we
think we'll continue on this path of more efficiency gains.

Lee T. Krowl
B. Riley FBR, Inc., Research Division - Associate Analyst

Got it. And then just last one on Demand Manager and the integration of RTK. Does the timeline in terms of revenue growth kind of get a
little bit delayed as you integrate the 2 product portfolios or products suites into one? Or do you anticipate that prior expectations in
terms of initial rev rec, but a more notable kind of uptick in 2020 time line is still on track?

Michael G. Barrett
The Rubicon Project, Inc. - President, CEO & Director

Yes. We don't feel -- I mean, not that we've shared in any great detail the time line, but it hasn't altered our internal time line at all. In
fact it's accelerated it. We'll operated as 2 separate platforms, but as we mentioned before, they're both on Prebid. So we're not talking
about like a 2-year integration process between 2 software companies. So I think they have some unbelievable tools that we're envious of
that adding to our dashboard once we get -- we'll get to a unified dashboard in a relatively quick period of time, which won't have any impact or drag on revenue from the either product.

David L. Day The Rubicon Project, Inc. - CFO
And to clarify, we'll operate as 2 separate platforms in this fourth quarter busy season, and then have, we think a fairly rapid integration in 2020.

Operator
Your next question comes from Matthew Thornton with SunTrust.

Matthew Corey Thornton SunTrust Robinson Humphrey, Inc., Research Division - VP
This is Anthony on for Matt. Just a couple, I mean most of mine were taken already, but without quantifying precisely, are there-- are we still within the take rate range that you talked about at the start of the year? And then if you already addressed this, apologies again, but could you qualify the RTK impact for 4Q in terms of revenue expenses. What the actual impact would be?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
Yes. Sure. I mean we're not updating our take rate guidance, but at the beginning of the year, we talked about take rate being in the mid-13s and so we'll stick with that. And the -- we're not breaking out the RTK expenses separately, we acquired them on the 21st October so you've got a partial quarter in Q4 with those expenses, and with 20 give or take employees and contractors being kind of work out a run rate and that's included in our $33 million guide on adjusted EBITDA operating expenses for Q4.

Operator
Your next question comes from Kyle Evans from Stephens.

Kyle William Evans Stephens Inc., Research Division - MD
You guys talked about the focus on unit economics and maybe taking some of the lower effective CPM units out of the equation. Can you talk about where you are in that process and maybe how that process affected different ad units across the ecosystem like video, desktop et cetera?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
Yes. I think we have more to come there, not that it will have huge impacts on revenue, but it's a continual process of optimization as we figure out how to squeeze the most out of the inventory that we have. I think there was probably some disproportionate impact similar to some of the transparency initiatives on video, on mobile and in the international realm.

Kyle William Evans Stephens Inc., Research Division - MD
Got you. Can you kind of step back and look at the competitive landscape? Was there anything meaningful that changed in the third quarter or is there anything that we should be thinking about going into 2020 on that front?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
You know we obviously said that Google's auction changes, which they're kind of a onetime only thing, so anything that arose from those changes, we'll be living with and as we kind of said, it's neutral. There was a period of volatility that led to more of the kind of steady-state. We've seen areas of our business that we do with Google slightly down, areas that we do without Google slightly up, so maybe that fell into that bucket. So -- but I don't see that occurring and noted that everyone's had first prize. I don't see another shoe falling with any of our competitors on the exchange front. I would say, I guess, you can always have to call out privacy initiatives and the idea that recently, I think, it was floated as early as yesterday the idea of federal privacy initiative, which frankly we welcome, although we haven't seen any details, I should be careful, but it sure beats having to do 50 different ones or in the States. And so those will always be a real macro reality for us. And then lastly, we talk often about a supply path optimization or SPO. And although we haven't seen any dramatic changes in SPO and we've talked about it until we're blue in the face for the last 2 years because people keep alluding to it on the buy side, I've got to imagine that 2020 will come to an end with the same number of players or the same -- should I say the size of the players. We've been clear about supply path optimization is kind of looked like 100 exchanges is going to 60, going to 20 and although that's probably provided us with some tailwind, the big changes for us will be when you go 20 to 10, 10 to 5, we think we're very
well positioned to benefit from those reductions in supply partners, however, it really had manifested itself yet, and so we just continue to
do what we think we need to do to convince buyers and sellers that were vital partner in their monetization scheme and hope for the best
in terms of SPO.

Kyle William Evans Stephens Inc., Research Division - MD
What inning do you think we're in, Michael, for SPO?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
You know, I think if you talk to someone that was exchange number 100, the game's over, right? So far us, again for those meaningful
things to occur, I think you're into the -- you're batting in the bottom of the fourth. Yes. So I think we still -- but then it can accelerate fast.
We always -- we often talk about how tens of thousands of buyers buy from us every day and you might be like, well, boy, how's that ever
going to get rationalized? But behind those buyers are 5 to 6 global agencies and that can pretty much take care of a big chunk of the
spend that they decide to work with just a handful of partners. So that's what we spend a lot of our time and energy and effort around
and that's what we talked about when buying nToggle, obviously, we get the technology benefits, but when we talked about the
leadership of nToggle in the demand space, essentially our team's leadership on the buy side is from the nToggle, coupled with some of
the very talented people we had on Board prior to their arrival. And we feel really, really good about the talent we have on that side in the
kind of conversations we're having.

Kyle William Evans Stephens Inc., Research Division - MD
Great. I can kind of hear the excitement in your voice when you talk about Demand Manager. I know it's still very early days there. Could
you frame up the competitive set there, talk about what you think the more mature revenue model there looks like and then may be of if
you want to put brackets around the long-term opportunity go for it, but if you don't, I understand?

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
Yes. No. We -- it's hard to tamp down the excitement with Demand Manager. We really fundamentally think it will change our business.
Of course, like any software initiative, it will take time and will probably be able to lay out a little bit more of a roadmap at Q4 earnings,
but yes, I mean the simplicity of it is great. Instead of winning a small portion of a publisher's inventory in our auction, we're able to
monetize 100% of their inventory, albeit at much lower take rate. So we're very excited about it, the traction has been terrific. Who's their
biggest competitor in market, Prebid itself. By far and away, there are big enterprise publishers that are like, hey, guys, I've already
switched to Prebid. I've hired folks that can help me with Prebid. Yes, your tools are really cool, but I'm not so sure. Right now, I want to
flip out what I have got going, I think I got this home built thing on Prebid that's working just fine. And I think our feeling is if you --
especially, if you look at the economics of the digital publishing business, the idea of being able to save hard cost, even if you have to pay
to use a product. I think it's going to be, in the end, too enticing to pass up, in addition, we have seen from our publishers that adopted,
they make more money. So you get a double whammy there. So yes, so Prebid would be the biggest competitor we're faced with. The
other folks that were header bidding pioneers, credit to them for changing the industry in terms of the way publishers monetize and way
buyers buy, but the day of this proprietary kind of black box solution is dwindling fast. So we don't really go up against proprietary
solutions, it's just -- it's Prebid in us essentially.

Operator
This concludes our question-and-answer session. I would now like to turn the conference back over to Mr. Michael Barrett for any closing
remarks.

Michael G. Barrett The Rubicon Project, Inc. - President, CEO & Director
We're very happy to deliver strong financial results again this quarter. We're well positioned for the future growth of SPO, video and
Demand Manager. We look forward to seeing many of you in the next couple of weeks at the Craig-Hallum, Stephens and IDEAS
conferences. I want to thank you for joining us for our Q3 results call and have a good evening.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.