

Produced in Native





# **BUSINESS ALL-HANDS**

**Nov 4, 2014**

Google Confidential and Proprietary

Google YouTube

# Welcome!

Google Confidential and Proprietary

Google YouTube

Talking points for Robert:

[https://docs.google.com/a/google.com/document/d/1nzQ6sAWHh911kkWDPZnDITkfeELcs4Y\\_haZaqt9WWKg/edit](https://docs.google.com/a/google.com/document/d/1nzQ6sAWHh911kkWDPZnDITkfeELcs4Y_haZaqt9WWKg/edit)

# Agenda

- ❖ Intro
- ❖ Sales
- ❖ People Ops
- ❖ Strategy
- ❖ Music
- ❖ Kids
- ❖ BTO2



# Intro Robert Kyncl

Google Confidential and Proprietary

Google YouTube

# We are a platform with many strengths

## Scale

396M hrs/day watched, >50% Y/Y

## Reach

1B+ users; >80% of views come from outside US



## Broad corpus:

~300 hrs uploaded per min

## Monetization:

+44% Y/Y Total Rev.  
+50% Y/Y Partner Rev.\*

## Fan Engagement:

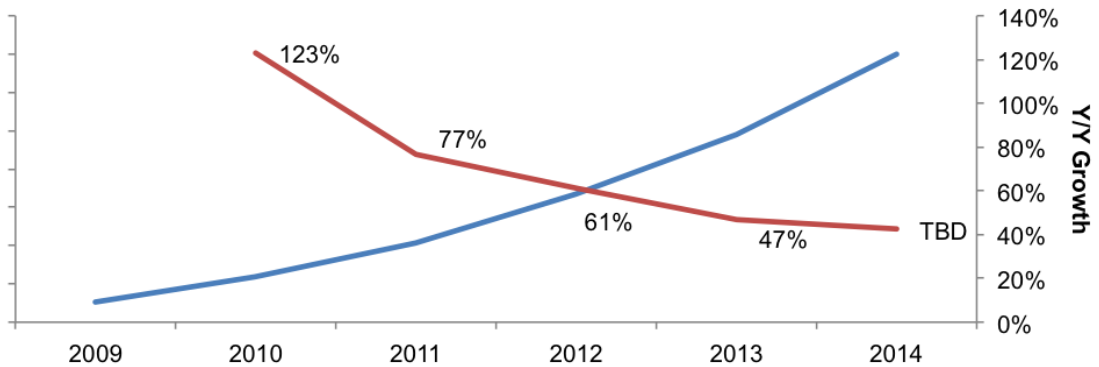
authentic interactions with creators

\*Revenue that we pay revenue share. Excludes Masthead

7B daily views

# Total Revenue growth strong at 44% Y/Y

## Global YT Revenue and Y/Y Growth

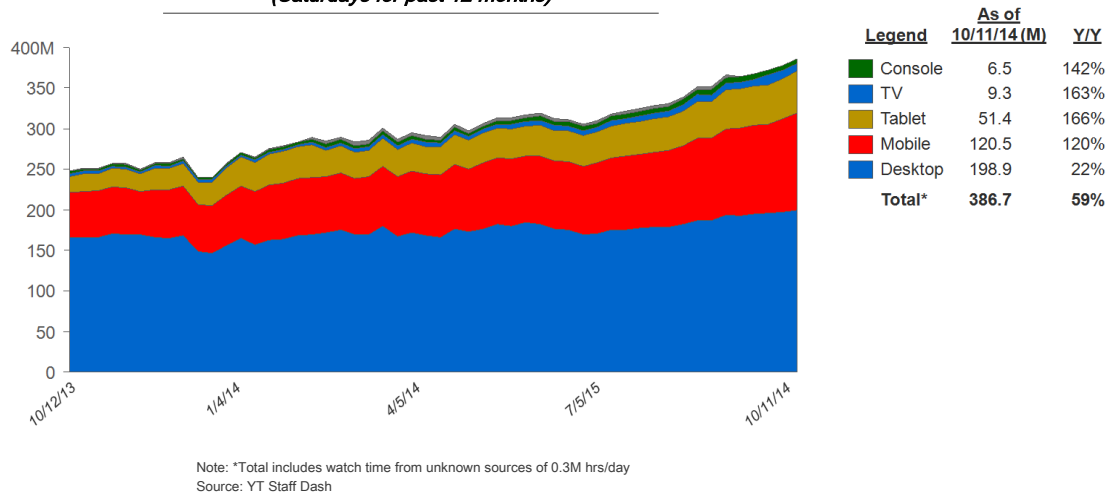


Revenue For Partners\* Growing +50% Y/Y

\*Revenue that we pay revenue share. Excludes Masthead

# Watchtime continues to grow over 50% YoY

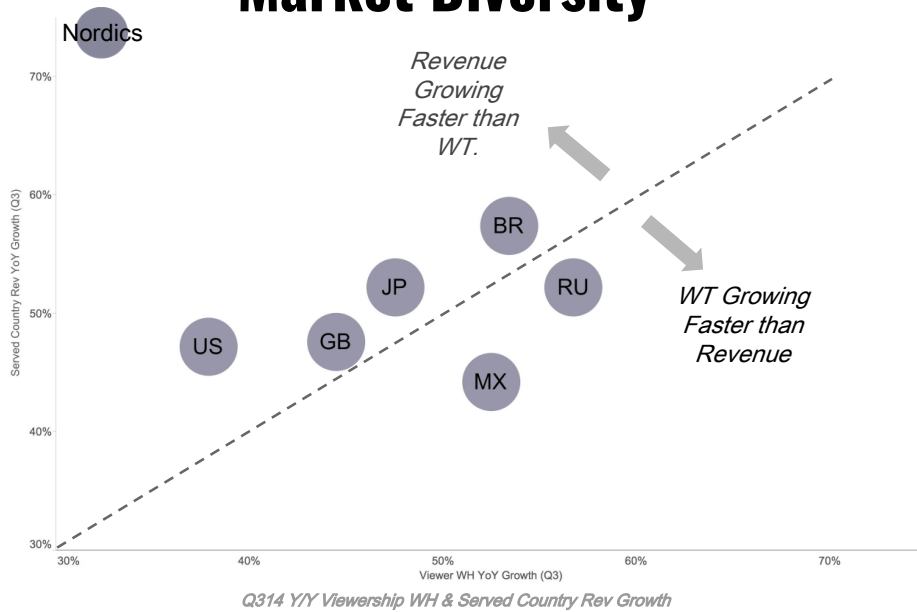
**Daily watchtime, hours**  
(Saturdays for past 12 months)



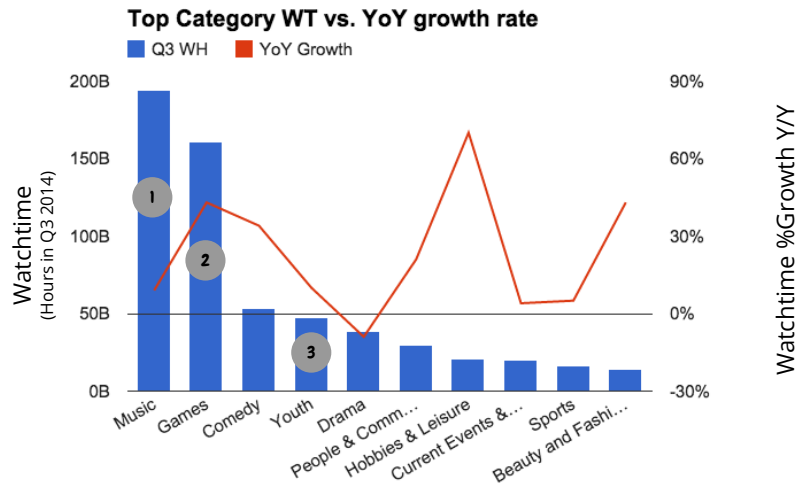
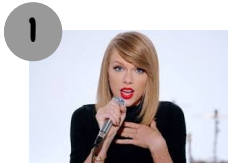
# And YouTube stars continue to shine



# Market Diversity



# Content Diversity



\* Top 200K channels (out of 15M)

# Creator Diversity



Casual Creator



Individual Professionals

BentPixels



broadbandtv



MCNs



Big Media



# Distribution Diversity

Smart TVs (157M devices)



Game Consoles (300M devices)



Coming Soon

Kids Tablets (30M devices)



Apple TV (25M devices)



Streaming Services  
(15M devices)



Mobile Phones (1.4B devices)



Tablets & iPod  
Touch (358M devices)



Set-Top-Boxes (10M devices)



# YouTube Goals 2015



Maintain **the core**



Drive **creator success** (investing and improving monetization for top creators)



Accelerate growth in **specific verticals**

# Looking ahead to 2016



Reach **1B** hours of watch time per day



Build a Subscription Business with **10M** users

# **Sales Lucas Watson**

Google Confidential and Proprietary

Google YouTube

## **We Made Great Progress in Many Areas**

|                                   | <b>2013</b> | <b>2014</b> | <b>% Change</b> |
|-----------------------------------|-------------|-------------|-----------------|
| <b>Revenue</b>                    | \$2.6 B     | \$3.7 B     | +44%            |
| <b>Video Revenue</b>              | \$1.7 B     | \$2.7 B     | +69%            |
| <b># 90 Day Video Advertisers</b> | 60,000      | 90,000      | +50%            |
| <b>LCS Avg Revenue / Account</b>  | \$204 K     | \$263 K     | +29%            |
| <b>Mobile Revenue</b>             | \$370M      | \$1,050M    | +183%           |
| <b>YT Share of TV Market</b>      | 1.5%        | 2.0%        | +33%            |

# We Scaled Many Key Platforms



New York.....London.....Berlin.....Paris.....Sydney

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## Talking Points:

- When I was looking to take on this role, I joked that I needed to get much cooler - and that's probably still true
- Jokes aside, shifting from supporting an ads sales team to a product that is creator/advertiser/user focused has been exciting - YouTube is an incredible product to work on
- Both organizations (in true Google fashion) are very focused on the user....YT just has a cooler user :)

# We Scaled Many Key Platforms



**San Bruno.....New York.....Paris.....Singapore**

Shown: Paris, San Bruno, Singapore BrandLabs

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# We Scaled Many Key Platforms

## YouTube Brings Taco Bell, Ford, Visa to Brand Camp

The Latest Class of YouTube's Partner Program



**107 Brands....Los Angeles....New York.....Berlin.....India**

Shown: YTBPP event in Sydney, March 2014

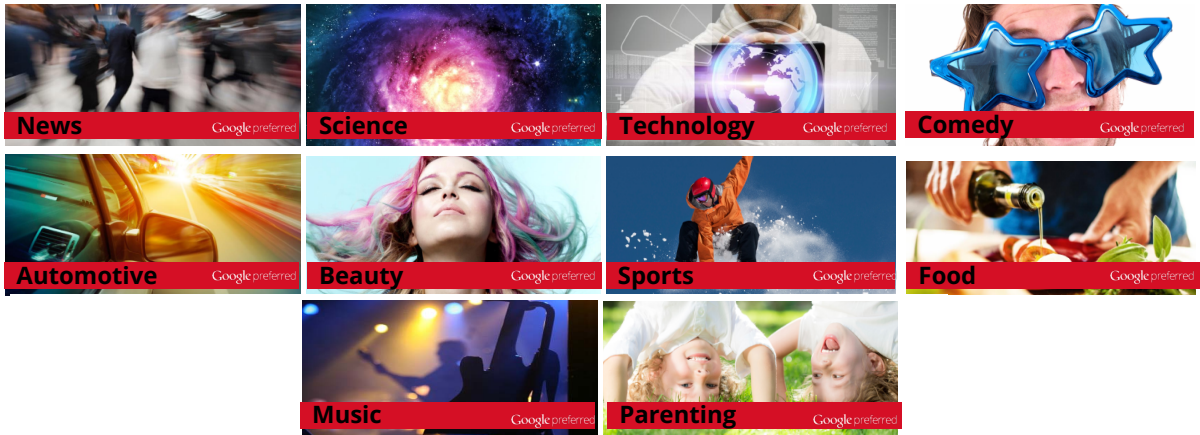
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# We Scaled Many Key Platforms



United States.....United Kingdom.....France.....Germany.....Australia

*Shown: UK Lineups*

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# We Scaled Many Key Platforms



\$43 M Revenue



\$83 M Revenue



\$20 M Revenue

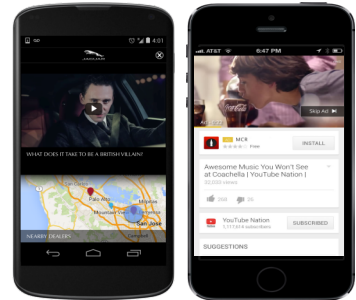
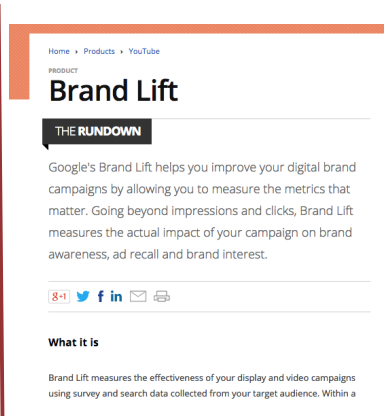
Shown: AdBlitz, WorldCup, YouTube Music Awards

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# Great Product Innovation



*Shown: OCR/vCE, Brand Lift, TrueView in Mobile*

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Talking Points:

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# Things That Keep Us Awake At Night...

| YT Instream CPM |         |            |
|-----------------|---------|------------|
| 2012            | \$12.42 |            |
| 2013            | \$9.75  | -22%       |
| 2014            | \$9.49  | <b>-3%</b> |

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# Things That Keep Us Awake At Night...

| Vertical             | In Stream \$     | CPM  |
|----------------------|------------------|------|
| Arts & Entertainment | <b>\$1,470 M</b> | \$9  |
| Video Games          | <b>\$180 M</b>   | \$10 |
| Sports               | \$60 M           | \$9  |
| Beauty & Fitness     | \$48 M           | \$10 |
| Electronics          | \$42 M           | \$10 |
| Food & Drink         | \$17 M           | \$11 |
| Home & Garden        | \$8 M            | \$12 |

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# Things That Keep Us Awake At Night...

**Facebook Video** Is Squeezing Out YouTube as Brands Embrace Autoplay The social network increasingly rules its own roost  
By Garrett Sloane

**Tumblr Queues Up Autoplay Video Ads to Hit \$100 Million Revenue Mark**

Universal Pictures, JCPenney, Lexus Among 10 Launch Advertisers



**Instagram's Video Ads Are Finally Live, and Here Are 4 From Major Brands**  
Disney, Activision and Banana Republic among early buyers By Garrett Sloane

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## Talking Points:

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# 5 Big Bets for 2015

## simple

Drive broader advertiser adoption of Google brand by simplifying our offering.

## preferred

Drive quality perception, creating anchors for larger overall commitments to Google. Improve pricing power to support partner & publisher ecosystem.

## mobile

As consumers flock to mobile, ensure we have the strongest offering globally.

## programmatic

Enable automated media buying systems that drive data based decisions and leverage Google strengths.

## measurement

Drive SOW gains by proving the value of our offering.

# Key Goals for 2016

|                                   | 2013    | 2014     | 2015    | % Change |
|-----------------------------------|---------|----------|---------|----------|
| <b>Revenue</b>                    | \$2.6 B | \$3.7 B  | \$5.4 B | +43%     |
| <b>Video Revenue</b>              | \$1.7 B | \$2.7 B  | \$4.4 B | +59%     |
| <b># 90 Day Video Advertisers</b> | 60,000  | 90,000   | 110,000 | +22%     |
| <b>LCS Avg Revenue / Account</b>  | \$204 K | \$263 K  | \$351 K | +33%     |
| <b>Mobile Revenue</b>             | \$370M  | \$1,050M | \$2,190 | +109%    |
| <b>YT Share of TV Market</b>      | 1.5%    | 2.0%     | 2.6%    | +30%     |



# People Ops

## Emily Nishi

Google Confidential and Proprietary

Google YouTube

Total Time: 10 minutes

# **From Google/GB0 to YouTube: Impressions from the first 30 days... ...in memes.**

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Talking Points:

- Introduce self - Google for more than 9 years, directly coming from 5 years in the Global Business Organization
- Robert suggested I talk about my first impressions
- Thought I'd do that in memes
- While weaving in what we as an HR Team will be working on going forward

## What I'd see in GBO....



## What I'd imagined I'd see in YouTube....



Slide is animated - click forward to continue

### Talking Points:

- When I was looking to take on this role, I joked that I needed to get much cooler - and that's probably still true
- Shifting from supporting an ad sales team to a "company within a company" that is creator/advertiser/user focused has been exciting - YouTube is an incredible product to help succeed
- Both organizations (in true Google fashion) are very focused on the user....YT just has a cooler user :)

## What GBOers might lose sleep about...



## What YouTubers might lose sleep about...



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### Talking Points:

- One of the best parts of my job is being part of a leadership team, and helping them and their organizations be successful
- In my first 30 days I've spent time sitting in on Product Reviews, Biz-Staff, YT-Leads, etc. instead of GBO meetings on revenue -- hearing the product design decisions and how much care we put into thinking about our creators and users has been inspiring

**In GBO, change is a constant....**



**In YouTube, change is a constant....**

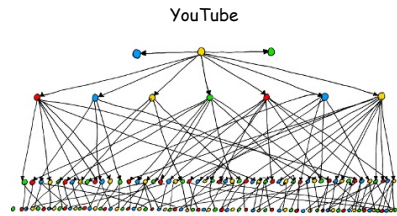
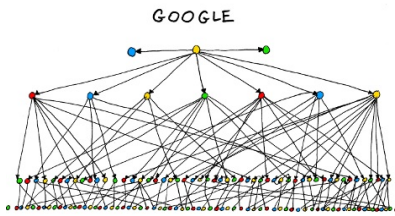


**(but that doesn't mean change is ever easy...)**

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Talking Points:

- In GBO some folks used to say if you don't like your current org or your current manager, just wait awhile since a reorg should come within a few months or at most 18 months
- At YT, we all know that there's been a lot of change...it's very sad when people leave, and it's not without effort to accept new people, new leaders, new peers
- Change is never easy - explain the Change Curve and how people move from one state to another, and that the aspiration is that the dip is shorter and not so deep - I see a key part of HR's role is to help teams and leaders with that so they can back to some semblance of stability and shared commitment to what's brought each of us here

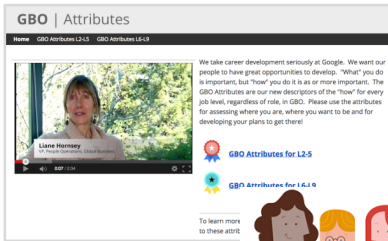


**There's complexity both places, but a shared desire to reduce complexity and increase velocity....**

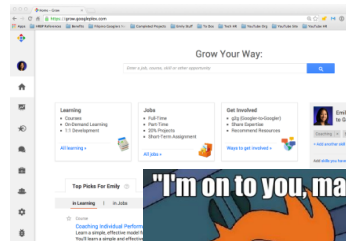
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Talking Points:

- Org charts are tricky - there's always tradeoffs when you go with one path vs another - and with growth the tradeoff sometimes is complexity - and with complexity the tradeoff is speed
- In the 50+ 1:1s I've had in my first weeks across YT the common theme is how much we all want YT as a product and as an organization to be the best that it can be
- One of the focus areas for People Ops this coming year is around team effectiveness - how do we take the best of what we know, what we've learned the hard way, to help teams make choices about how they work? That's the nirvana for us of HR work



Meaningful feedback helps us grow!

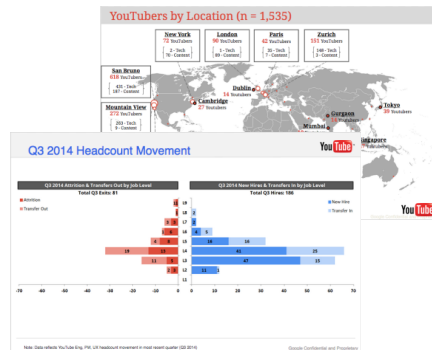


**Meanwhile, Googlers and YouTubers want to grow and develop, and contribute to the company's success**

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Talking Points:

- Ultimately what each of us want is to work in a team where we believe in its vision, enjoy our coworkers, and can contribute and become our best selves with the work we're doing
- To have a shared language around what we expect from each other, GBO Attributes were created a couple years back, and Content Attributes followed soon after
- In the coming year, the People Ops team will be working on scaling our development offerings and talent programs across YT, and supporting managers to better support their teams as well



**And People Ops is here to help --  
we take both a *personal* and a *data-driven* approach to supporting  
organizational effectiveness and creating a great place to work**

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Talking Points:

- Something that's unique about People Ops here at Google is that we're not the folks who plan birthday parties - but rather the ones who partner with leaders to really help them work through organizational and people decisions, and with YouTubers to help them feel they can do their best at work



## What will YouTube People Ops focus on 2015?

- 1 Achieve operational excellence across HR programs**  
(hiring, onboarding, core HR processes, etc.)
- 2 Strengthen YouTube's organizational effectiveness**  
(consult to leaders on team effectiveness, facilitate leadership discussions)
- 3 Develop our YouTubers throughout their employee lifecycle**  
(build leadership capability, help all YouTubers thrive and grow)
- 4 Ensure a globally consistent experience of YouTube as a great place to work**

# **Strategy Sri Krishnamachari**

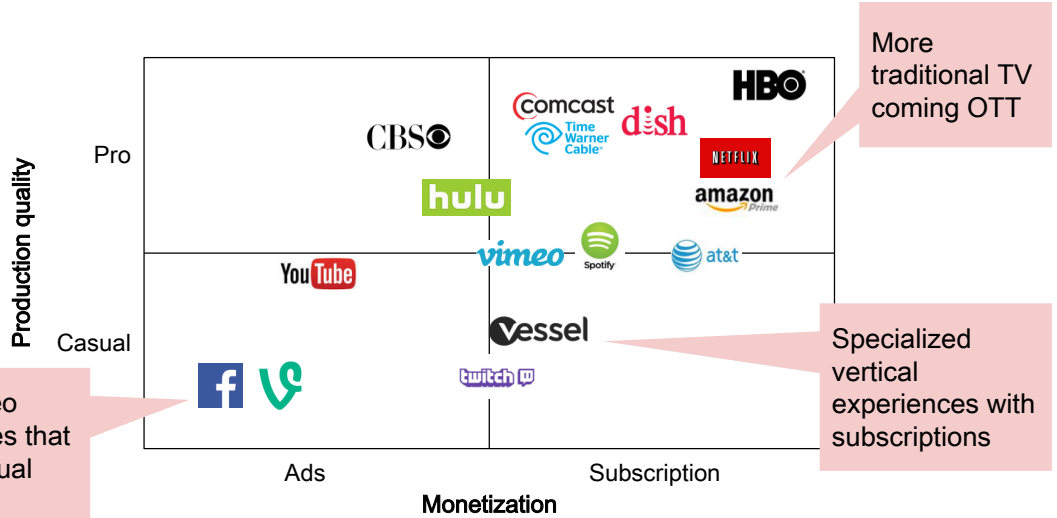
Google Confidential and Proprietary

Google YouTube

# **We face a number of challenges**

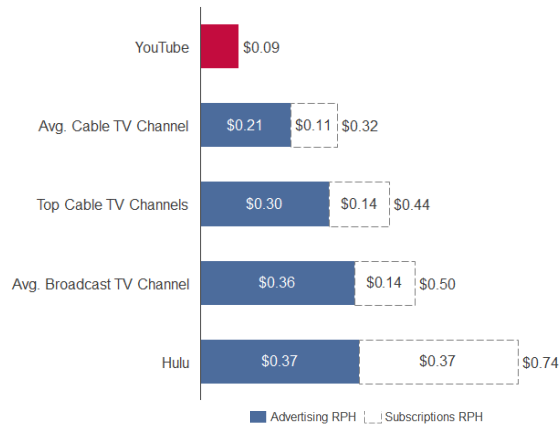
- 1 Increased competitive pressures**
- 2 Advertiser: Improving monetization**
- 3 Viewer: Increasing engagement**
- 4 Creator: Encouraging growth from the tail to the head**

# Increased competitive pressure

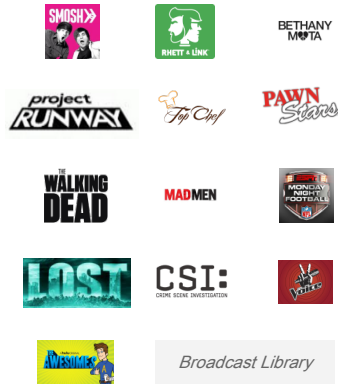


# Ad monetization lags on the platform

US RPH by platform



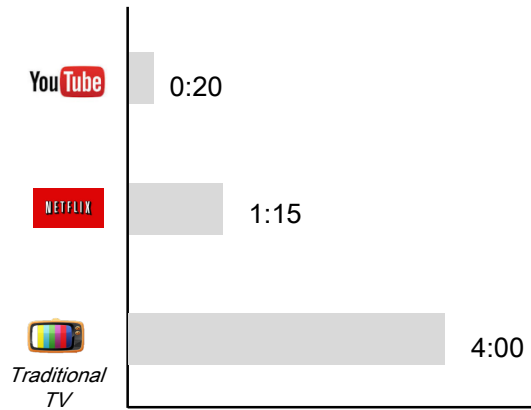
Sample Content



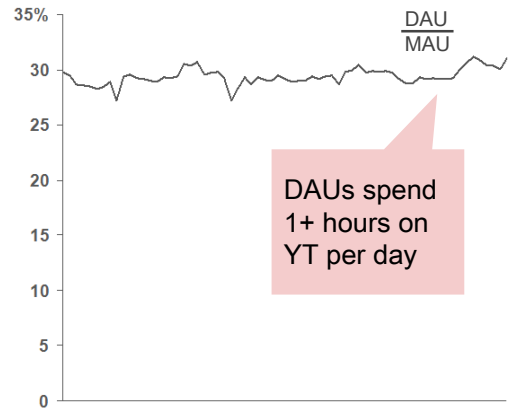
Sources: Carriage fees, subscribers, and gross advertising revenue from SNL Kagan, estimated watchtime from Nielsen

# Untapped opportunity to increase engagement

Daily watchtime in the US (hours)



But our DAU/MAU ratio is flat



# Need to invest to grow creators from tail to head

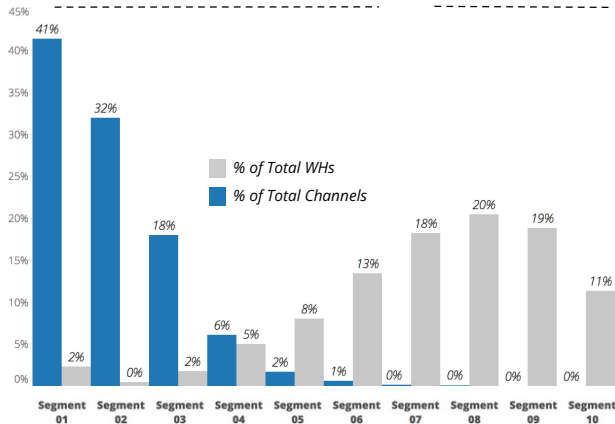
## Segment 01-07

99% of Channels  
49% of WT

## Segment 08-10

<1% of Channels  
51% of WT

Segment 08-10 Creators are signing off platform TV & movie deals, and are also regularly approached by other platforms (e.g. Vessel) with promise of investment.



VCE

ANNOYING ORANGE



JANOSKIAN

DRIVE

RAY WILLIAM JOHNSON

AWESOMENESS TV



HBO

CBS



CARTOON NETWORK

BBC AMERICA



LIONSGATE

project RUNWAY

SATURDAY NIGHT LIVE

# **We have several initiatives to address issues**

**1** Increased competitive pressures

**2** Advertiser: Improving monetization

**3** Viewer: Increasing engagement

**4** Creator: Encouraging growth from the tail to the head

Vertical experiences and investment

Defining ways to increase ad monetization

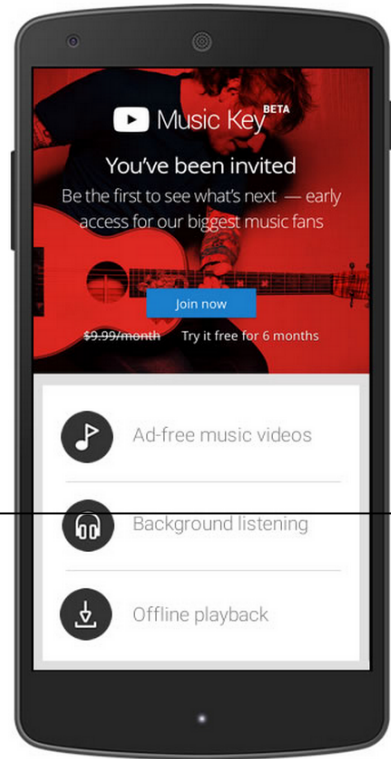
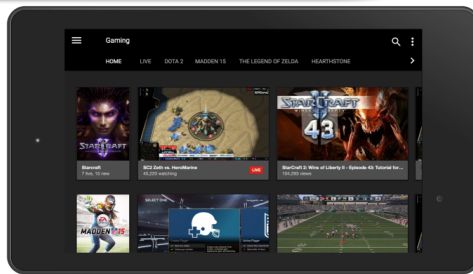
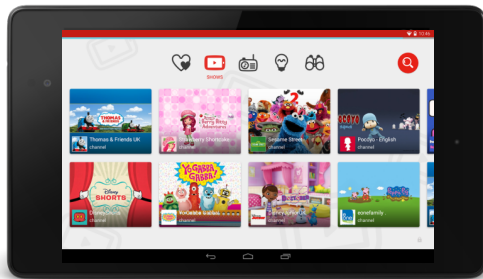
Subscriptions: improving monetization/engagement

YTO: Investing in top creators

*...and more*



# We are creating new vertical experiences



# Music

Google Confidential and Proprietary

Google YouTube

# We're almost there...Music Key launching next week

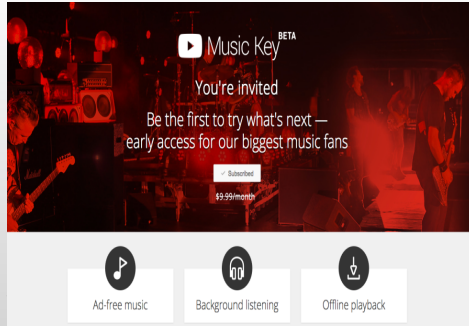
- 1 **It's huge.** Our biggest product launch in years
- 2 **Beta Launch next week.** Lead with Android
- 3 **Content deals are in place.** Content licensing - 98% of music content covered for subscription
- 4 **It's a big first step.** Laying the licensing and consumer foundation for subscription growth

We're all excited to launch Music Key beta, so users can start using the amazing features the team has built but also so our biggest music fans can be part of the process with us. This launch has been 2 year in the making by a team of over 100 people and drove tons of innovation.

# Launch Plan

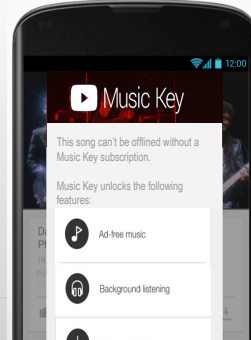
Q4 '14 Beta Launch for 1M+ Users

*Tune product with heavy music users +  
Create army of evangelists*



Q2 '15 Full Launch

*In-app features-based upsell +  
broad marketing campaign*



Create the perfect experience with our users, not just for them  
Create army of evangelists

# In 2015, we'll exit Beta and build scale

*E2016 YouTube goals*

Improve **transparency** and perception among rights holders and creators

Deepen **engagement** with music users; build our music brand

Continue to evolve the music **experience** to differentiate from other services

Continue to build the world's biggest and best **music corpus**

1B hours watch time / day

10M retained subs

# Music Panel



**Christophe Muller**  
Music Partnerships



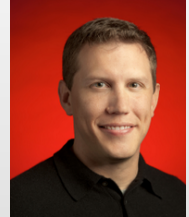
**Sowmya Subramanian**  
Eng, Music



**Julian Bill**  
PPS



**Kevin Montler**  
Legal



**Barry Ames**  
Marketing

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Google YouTube

# Kids

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Google YouTube

*“No major issues to report, other than the kids were crying when I had to pry the phone out of their fingers!”*

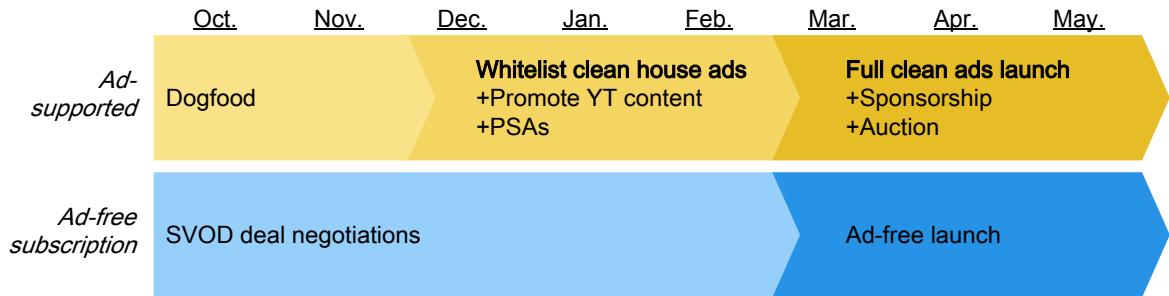
Google | YouTube

Google Confidential and Proprietary

... The little one even screamed "I want my Pegasus."



# We're launching YT Kids on Dec 2!



Google | YouTube

Google Confidential and Proprietary

Currently sourcing house ads

Clean ads plan:

## V0:

### Safe content

- Only house ads (YT partner promotion, PSAs)
- Restrict to DV-Y and DV-G ads hosted on YouTube, reviewed by humans
- Exclude sensitive categories (e.g. Food & Drink, Beauty & Fitness, Adult, etc.)

### Safe targeting

- Disable user-based targeting (e.g. IBA, remarketing)

### Safe formats

- No ads on first view of a session
- No outbound links (e.g. no CTA)
- No home, search or related ads (i.e. in-stream ads only)
- No ads >60s

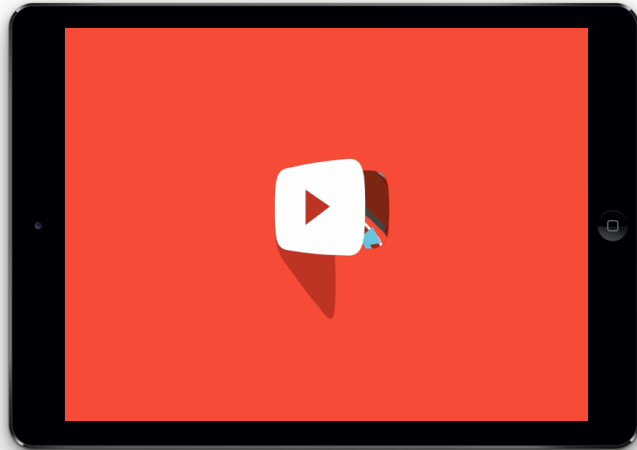
## V1+ additions:

- All broadly-targeted, eligible *auction* campaigns will run in Pegasus; hand-picked *reservation* beta campaigns can specifically target Pegasus
- Custom ad UX to better differentiate ads from content
- Ad flagging to report ads

## UX refinements

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- Fun splash screen and animations



## UX refinements

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- Animated category icons

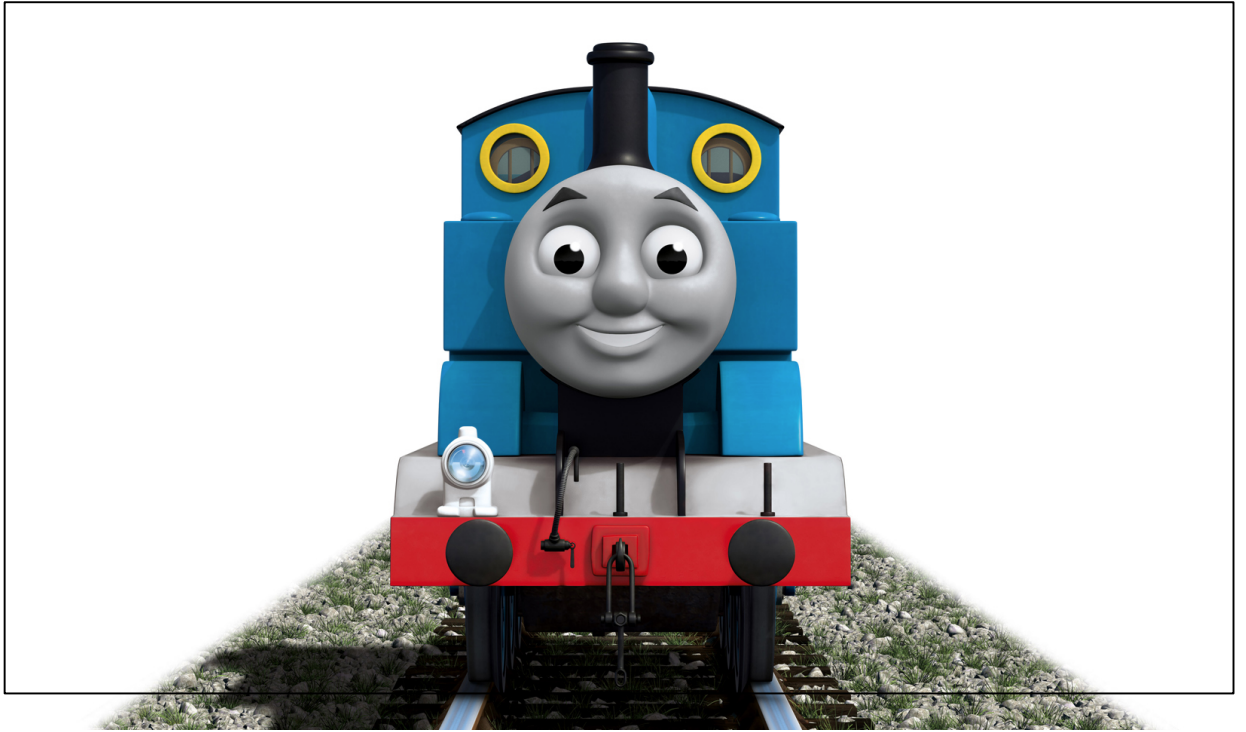


## Watch page



- Automatic full screen and autoplay next video
- Closed captions are supported
- Working to minimize unplayable videos
- Flagging will connect to main YT pipeline, but routed to a special tool to the VIA review team (not the LiveSite team)



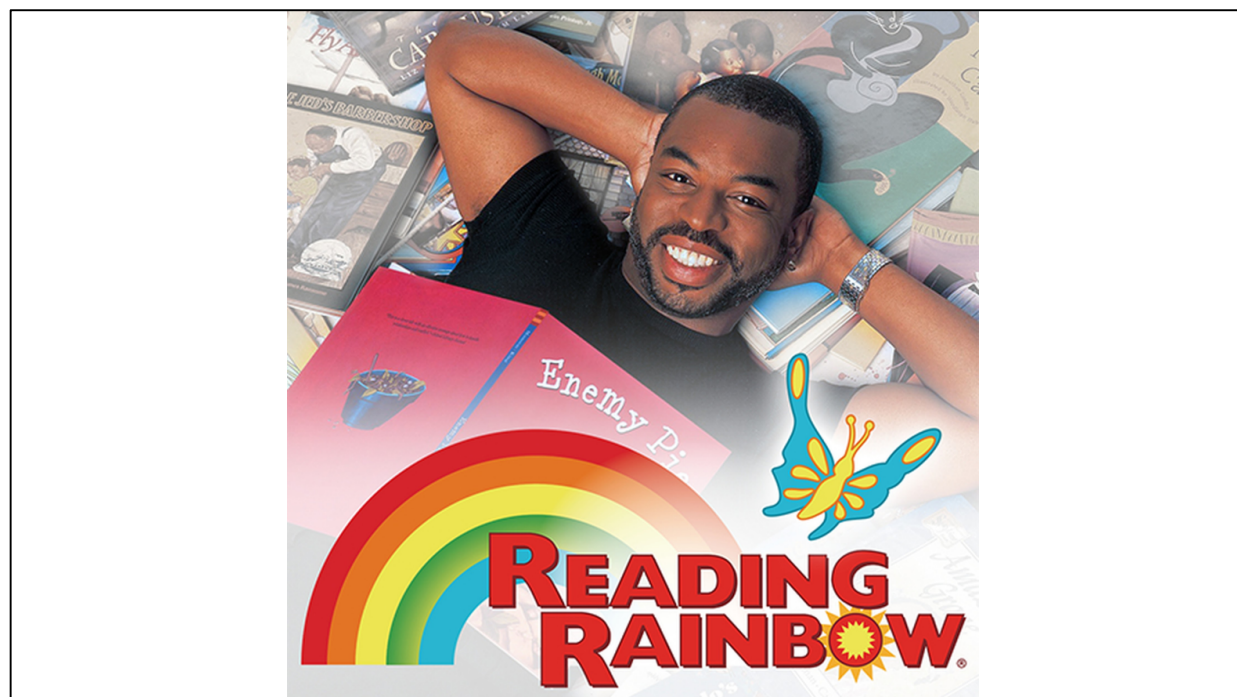














## App Icon and Logo

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# Go to market strategy

| 1. Earn the trust of parent influencers                                                                                                                                | 2. Build our brand and generate excitement                                                                  | 3. Activate families to install the app                                                                                                                                                                                          | 4. Drive long-term app engagement                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Early access for policy press spokespeople</li><li>• Targeted outreach and education for mommy bloggers and vloggers</li></ul> | <ul style="list-style-type: none"><li>• Consumer PR</li><li>• Co-marketing</li><li>• Launch video</li></ul> | <ul style="list-style-type: none"><li>• App store merchandising</li><li>• Email</li><li>• Search</li><li>• Tablet deals</li><li>• Mobile ads<ul style="list-style-type: none"><li>◦ TrueView</li><li>◦ AdMob</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Notifications</li><li>• Email</li><li>• Ongoing co-marketing</li></ul> |

# Kids Panel



**Malik Ducard**  
**Content**



**Shimrit Ben-Yair**  
**Product**



**Briana Rogers**  
**Marketing**

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# BT02

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Google YouTube

# Why are subscriptions important

|                       | Difference vs YT                                                                  |                                                                                                                                                                                       |                                                                                   |                                                                                     |
|-----------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                       |  |  <i>Paid TV</i><br> |  |  |
| # of paid subscribers | None                                                                              | 100M                                                                                                                                                                                  | 35M<br><small>50M+ global</small>                                                 | 3M<br><small>10M+ global</small>                                                    |
| Monetization (RPH)    | \$0.09                                                                            | 5x<br><small>2-4x Ads only</small>                                                                                                                                                    | 3x                                                                                | 2x                                                                                  |
| Engagement (per day)  | 0.3 hours                                                                         | 12x                                                                                                                                                                                   | 4x                                                                                | 8x                                                                                  |

# Transitioning our creator base to subscriptions

Adding language to our contracts that

- Let's us use creator content in paid products
- Shares revenue with them, giving them upside

Gives us flexibility to launch multiple types of subscription products

Process will launch for direct partners on Nov. 17





# We have multiple initiatives to grow subscriptions

## Subscription launch (target)



Dogfooding now;  
Launch Beta Q4



Kids

Q2 '15



Ads-free

2H '15



Gaming

2H '15



Unplugged

2H '15

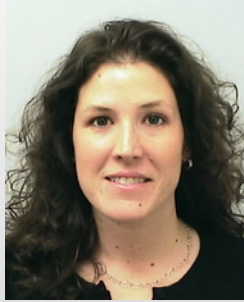
## Our goal:

10M aggregate subs  
in next 2-3 years

# BT02 Panel



**Sri  
Krishnamachari**  
Strategy



**Claire Hart**  
Legal



**Dan Walker**  
Finance

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# Q&A

## dory

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