To: [redacted]
From: "Stephen Cho" <stephencho@google.com>
Cc:
Bcc:
Received Date: 2006-10-11 01:48:11 CST
Subject: [Monetezation-subteam] Fwd: Question #11 - updated v2.2

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current track on Question #23.

please shoot me feedback/edits/suggestions via email

we will probably get together thurs/fri to discuss

Stephen

---------- Forwarded message ----------
From: Stephen Cho <stephencho@google.com>
Date: Oct 10, 2006 5:46 PM
Subject: Question #11 - updated v2.2
To: Charles Wiles <cwiles@google.com>, joannas@google.com, David Eun <
deun@google.com>
Cc: [redacted]

Attached is an updated, cleaner version, based on the discussion this morning with Dave, Charles, and I.

I will take primary responsibility for overall integration, but Charles was going to spend more time on the International section; Dave to spend more time on the Content Priorities section; and myself to develop the Enabling Products/Platforms section.

more to come, but this is a cleaned up version we can all run from. (Please send me edits, updates based on this and I will integrate.)

Stephen

Attachments:

Strategy 2007 Question -23 - v2.2.doc

Chang
EXHIBIT NO. 17
7.11.08
A. IGNACIO HOWARD CSR,RPR

Strategy 2007: Question #23

"What is the best way to monetize all the content from traditional media and how will we win? Will YouTube get there first?"

Interpretation of the Question:

Monetization is one outcome of the virtuous cycle of benefits flowing from end user value to content provider value to advertiser value to Google value. We focus on five key strategies to win, with implications for all four stakeholders in each.

Recommendations:

1. **Help traditional media companies accelerate and optimize the distribution of their content online**
2. **Build a business and technology ad buying/selling platform position in traditional media (TV, radio, print) married to online**
3. **Provide industry-leading "self-service" video advertising capability for mid-market companies**
4. **Become premier provider of community/ user-generated content technology products**
5. **Become premier technology provider of personalization for entertainment-oriented content search and experience**
6. **Provide more Google content value to end users through partnerships with access device vendors** (~toolbar-like deals)

7. **Specific response on YouTube.**

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1. **Help traditional media companies accelerate and optimize the distribution of their content online**
   a. Focus on library/archive content first, premium content later
   b. Focus on ad-driven model first, but also support download-to-own
   c. Focus on better indexing, tagging, discoverability: improve the inventory (more sub-segments and text-based tagging of long-run video, audio)
   d. Focus on better metrics, analytics, reporting, lifecycle management
   e. Provide traditional content partners with access to Google search, analytics, ad-targeting technology and content serving infrastructure
      i. For all content partners, Google provides online business and technology expertise, rich set of online search and advertising tools from indexing and content management to end user behavior modeling, reach into the ad syndication network, and extensions to support mobile data platforms
      ii. For smaller players (and some larger players) without sufficient infrastructure (or desire to spend), Google can also host their content directly, and provide dramatic scale and cost benefits (cf. SUNY Press "Google Book Search inside" deal)

2. **Build a business and technology ad buying/selling platform position in traditional media (TV, radio, print) married to online**
    a. Television, Radio, and Newspapers/Magazines are the three dominant advertising markets (in addition to online advertising). Each has an ad sales and distribution industry that involves several common features
        i. A metrics and analytics business (Nielsen for TV, Arbitron for radio) showing audience size, demographics, trends. Some are industry-wide, some are proprietary (e.g., ABC Radio uses its own metrics to sell to ad buyers)
        ii. An ad inventory technology provider (third party or proprietary). Marketron in radio, for example, is an ASP providing ad space available, tracking, and sales connecting about $9B of available radio ad space with ad buyers/Madison Ave.
        iii. Media buy consultants: with client-driven and demographic analytics to help media buyers find particular demographic audiences in specific markets, usually across media. Vision is such a consulting firm that helps its clients find the right avails.
        iv. Sales force: 3rd party resellers and direct sales forces of media companies for selling of ad inventory (under increasing margin pressures)
    b. This ad buying/selling influence space seems appropriate for Google from a strategic perspective in terms of industry platforms, technology driven, across multiple content providers
    c. Google's traditional strengths in online metrics, analytics, lifecycle management and real-time feedback could be leveraged to provide similar metrics for traditional offline media
    d. Google could also build a position as an ad inventory technology provider – either within industries (acquiring Marketron and like players), or building a unique cross-platform technology platform and penetrating each of the traditional markets as well as the online market. Google could more effectively drive ad monetization into the longer tail in each offline space.
    e. Building or buying media buy consultants or a media ad sales force seems further afield for Google. Companies in these spaces would instead be more natural as partners, with Google providing (c) and (d) above.

3. **Provide industry-leading "self-service" video advertising capability for mid-market companies**
    a. Simplicity of Google's "self-service" text-based advertising has been extremely valuable for the mid-market, especially to target the long tail
    b. At the same time, the cost of production quality video ad creative content is prohibitive for the mid-market
    c. Provide a set of online and offline software tools to help mid-market companies build short, effective video ads with the same degree of simplicity and effectiveness as text-based ads (tools include: library of stock video content, video editing, storage, templates and suggestions, etc.).

d. Then serve these video ads in a targeted way on Google Video and other video destinations (a video ad syndication network) using effective, targeted ad algorithms similar to those for our text-based search
e. Provide this tool set free to all potential advertisers as an assistance to driving useful, relevant video ad traffic (on which Google takes a rev share)
f. Spot Runner is a Los Angeles-based start-up company with technology in this space that would be worth looking at more closely

4. **Become premier provider of community/ user-generated content technology products**
    a. What: range of community/UGC products/tools for both online and offline worlds: creating and finding relevant personal profiles, linking, sharing, subgroups, etc. Enrich community with multiple Google products: video search and sharing, image search and sharing, audio search and sharing, mail, messaging/chat, etc.
    b. Where: to help build communities/UGC on Google properties, on other major destinations (Facebook, Viacom, NBC, ...), and to all individual end users to create their own social networks/ UGC communities
    c. Why: across the open and fragmented world of multiple online communities and online community groups, Google provides universal search, sharing, and targeted advertising capabilities

5. **Become premier technology provider of personalization for entertainment-oriented content search and experience**
    a. Content, especially entertainment-oriented content is very highly dependent on personal preferences and tastes
    b. The one-dimensional tracking of web relevance (highest page rank = highest relevance) breaks down significantly for this personalized taste
    c. What: Need to create a rigorous, universal personalization/ taste-driven relevance and ranking technology
        i. Enables individuals to specify personal preference profiles
        ii. Tags all content and all reviews of content along the same parameters
        iii. Relevance of search and desire for community-based sharing can then be provided in a way matched to one's own personal preferences
        iv. Relevant not only for proactive searching and sharing, but also for pushed content (others like you also liked ..., ability to subscribe to push-channels of recommendations or content that match your profile – infinite number of channels driven by personal profiles)
    d. Why: by providing this technology free to all major and minor content providers and content reviewers, Google can drive optimum end user benefit by enabling individuals to find and be served the most relevant content in a much more personalized manner. Provides opportunities to maximize ad-driven revenues associated with the more personally targeted

delivery of content.

6. **Provide more Google content value to end users through partnerships with access device vendors** (~toolbar-like deals)
    a. Benefit for end users: be able to better give users what they want: The best discoverability, search, valuable targeted advertising, and cross-platform distribution of content: that is, I can best find and best get to the content I want on any individual platform and also pulling from one platform to another (e.g., TV content on mobile devices)
    b. What: embed a range of Google technologies with access equipment vendors
        i. Indexing, meta-data, text-based tagging, search, discoverability
        ii. Personalization, recommendation, targeting technologies
        iii. Superior metrics, analytics, trends, reporting
        iv. Superior ad targeting, lifecycle management, real-time feedback and optimization technologies
        v. Embedding of multiple enrichment products: video search and sharing, image search and sharing, audio search and sharing, mail, chat/messaging, etc.
    c. Who: Which access equipment vendors? Mobile devices and Internet-to-TV devices as the top priorities.
        i. Mobile access devices (PDAs, cell phones, etc.)
        ii. Internet-to-TV access devices (Apple's iTV, Cisco (Scientific Atlanta and Linksys) IP-set-top-boxes, Motorola (General Instrument) IP-set-top-boxes, Sony, Samsung, etc.)
        iii. Internet-to-Radio access devices
        iv. Internet-to-Phone access devices
        v. Internet-to-eBook access devices
        vi. Internet-to-ePainting access devices
    d. Why: Google benefits by embedding search, recommendations, and advertising across critical content distribution gateways/ access media

7. **Specific response on YouTube**.
    Despite the intervening acquisition, some general comments. In short, community/UGC is critical and should be pursued and supported on multiple fronts. YouTube should also be thought of as a proxy for other start-ups and community-focused companies.
    a. We recognize and support the Google-like drive toward end user benefit first, and monetization only indirectly second. By developing and audience following the users first, YouTube has created advertiser and monetization value, as evidenced by their recent large media company deals
    b. Challenges from both a business model perspective and a legal liability perspective in terms of pornographic and copyright infringed content as among the primary drivers of YouTube traffic
    c. Google should be in a position to provide superior monetization

    i. Developing technology for tagging and tracking copyrighted material
    ii. Integrating search and ad targeting algorithms to drive maximum monetization

d. YouTube should also be considered as a proxy for other community-focused companies (in different ways: MySpace, Hi5, FaceBook, iTunes, NetFlix, Amazon, eBay, Skype)
    i. In general, support going after end user benefit first and getting the audience – downstream benefits on directly targeted advertising and indirectly through more traffic to core web search
    ii. In general, the focus on trusted community environments of different types: requiring community tools, community content, and active community policing
    iii. Across all Google's content domains, need to be mindful that the mechanics of indexing/linking can be replicated, but that the stickiness of UGC and community is what drives audience and retention for destination sites