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From: "Tom Pickett" <tpickett@google.com>
Cc: "Sara McKinley" <smckinley@google.com>, "Jeff Dejele" <jdejelo@google.com>
Bcc:
Received Date: 2008-03-11 04:13:12 GMT
Subject: Business Plan - Update and Actions

Hi all,

I wanted to share with you the latest working version of the deck based on feedback from the discussion in Chad's staff yesterday. The key is that we get all the pertinent information in the deck and then we can roll-up a simplified version for EMG once we have made all our tradeoffs and are in alignment on the plan.

Action:

All - Please read if you have a chance before our discussion at 5pm
Shashi, Hunter, Suzie - There are specific templates (pp 16, 17, 20, 21, 22, 23, 24) to capture the specific tactics against the various components of the strategy. If there is anything you can do to fill them in today, that would be ideal.

Next Steps:

- * We need to quantify the economics of each of the levers. E.g. calculate the revenue trajectory and CPRD for each of the initiatives to help with the tradeoffs. Jeff Dejele will be helping to do this.
- * Fill out the templated tactics slides as identified above (shashi, hunter, suzie)
- * Hunter, Shashi and Jeremy to take the product needs from the tactics slides and assess engineering load, figure out delta, and start prioritization of projects.


Timeline:

- * Meet with Ads PM at 4pm today. Unless anyone else has a specific agenda, I propose we walk through the deck and discuss (this is why it would be great to have the templates done).
- * Meet with strategy team at 5pm today. Sync up on the deck and next steps.
- * Proposal - For now we should assume an April 1st EMG which gives us this week, next week and the week after to finalize.
 - This week (3/10)- Get 1st pass economics complete. Get complete list of product needs and start prioritizing. Start sharing with Dave Eun, Eileen Naughton, Henrique and Crid Yu
 - Next week (3/17) - Lock in proposed tradeoffs, refine economics and refine deck
 - Week after (3/24) - Potentially invite Henrique, Eileen, Crid and Dave Eun for a working session (half day or full day) to work out the deck in advance of EMG.

Happy to take thoughts and suggestions.

Thanks,
Tom

--
Tom Pickett



Attachments:

YTS Deck 3.11.08.ppt



YouTube Business Strategy

Business Model Vision for
Users, Partners and
Advertisers

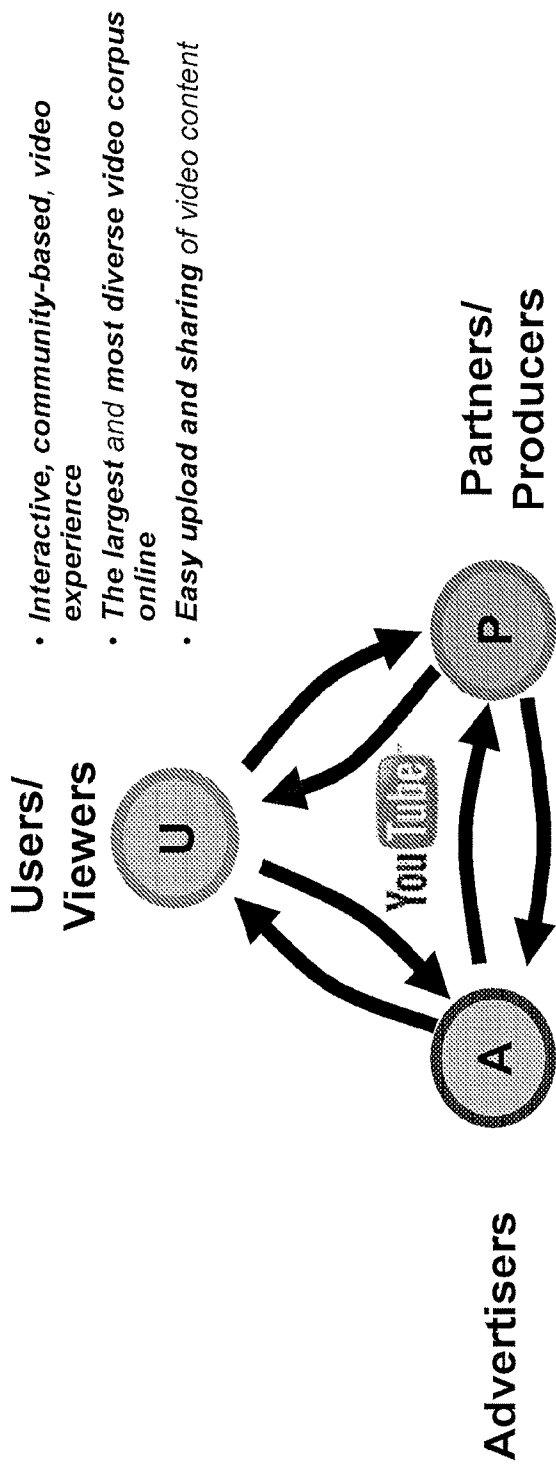
ATTORNEY CLIENT PRIVILEGED

YouTube Confidential and Proprietary

Highly Confidential

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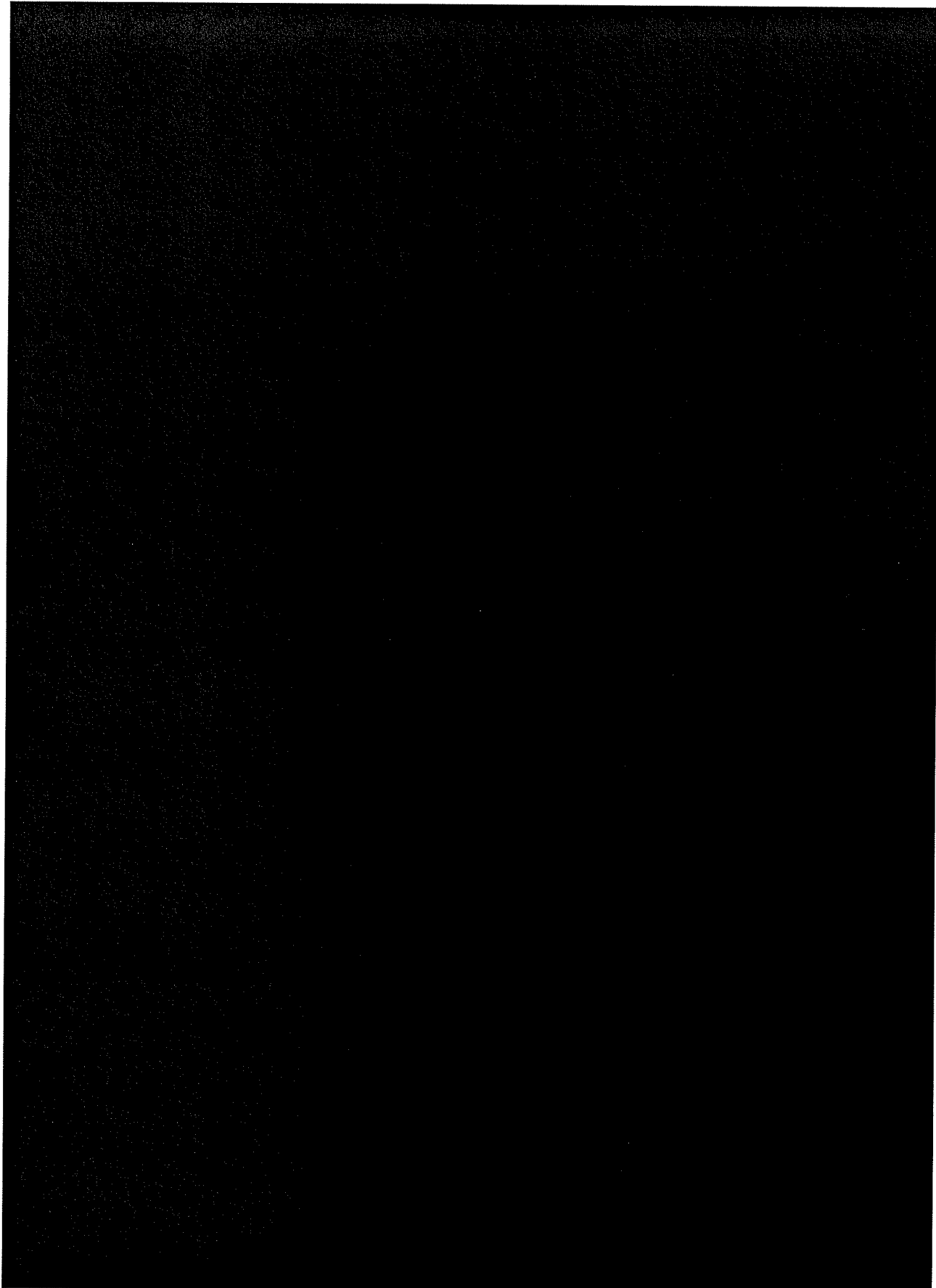
Vision: Our vision is to provide an robust and self-reinforcing ecosystem



- *Ability to create a robust brand dialogue*
- *Engaged (lean forward) audiences*
- *Targeted reach*
- *Platform to reach large potential audiences*
- *Ability to promote their content (viral & funded)*
- *Incremental revenue to fund business models and further content creation*
- *Controlled distribution of their content*

Agenda

- Performance to Date
- Monetization Strategy
- Product Roadmap
- Revenue Projections
- Summary of Asks

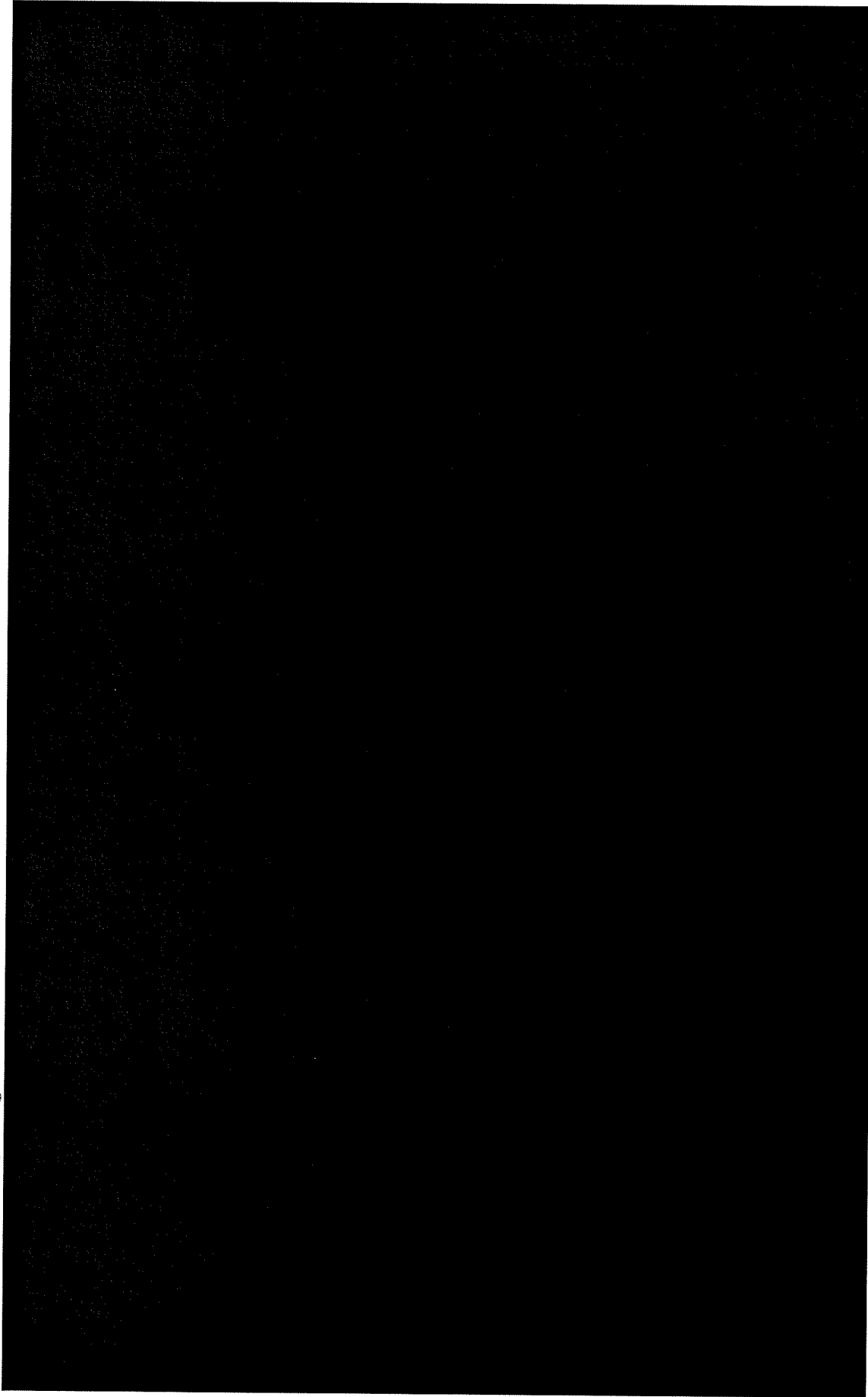


Highly Confidential

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Do we know the % of video views monetized in the US?

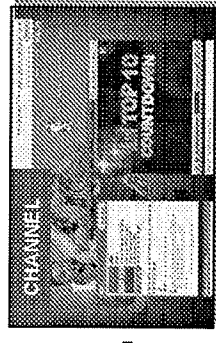
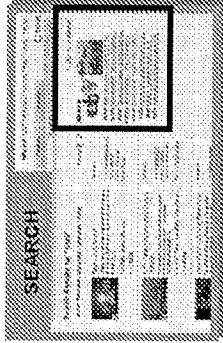
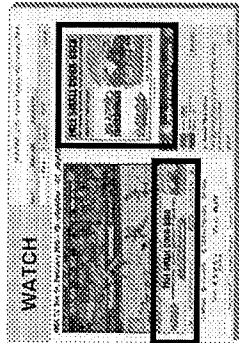
Our early monetization efforts are showing promise, but we have significant progress to make



Note:

Need to verify numbers.

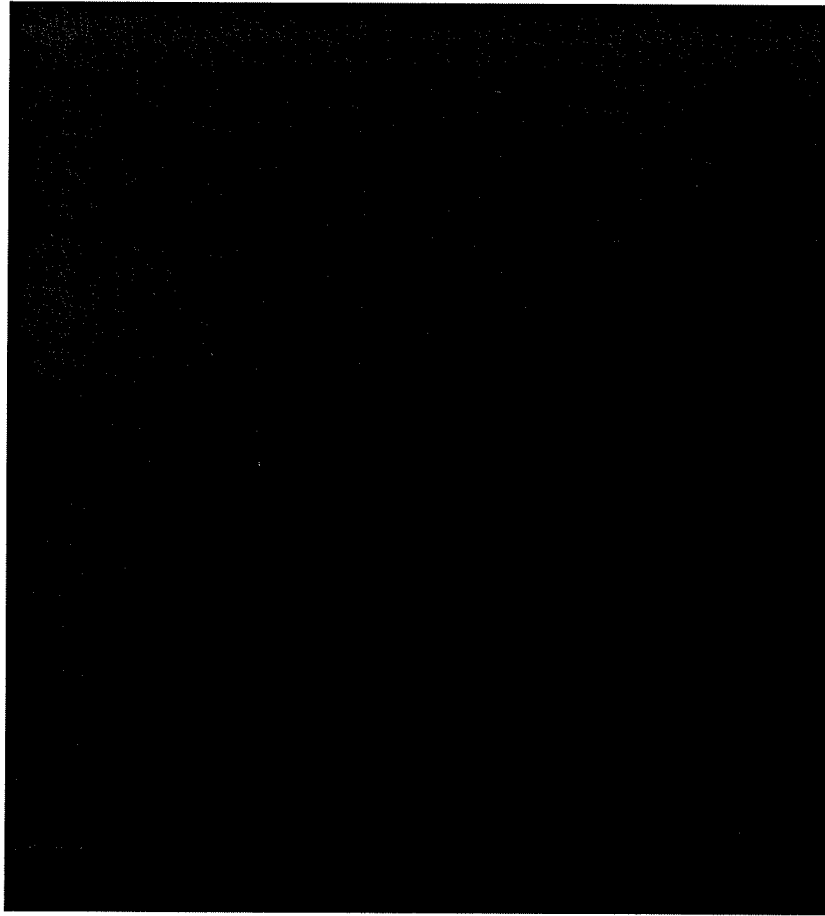
Ad Inventory



Sell Thru

CPM

YouTube PV Breakdown



Background: YouTube Monetization Myths & Challenges

Myths

TBD

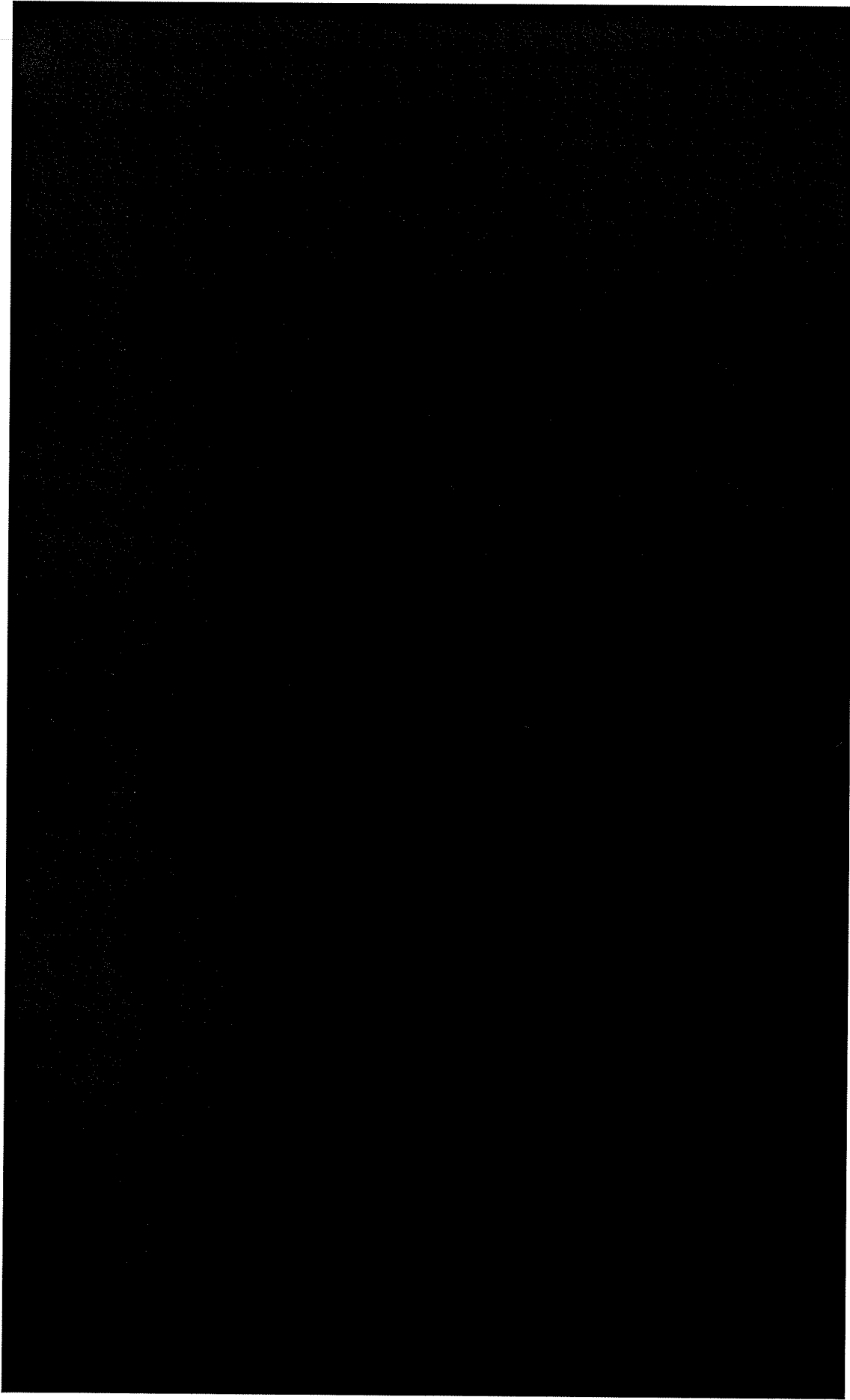
Challenges

- TBD

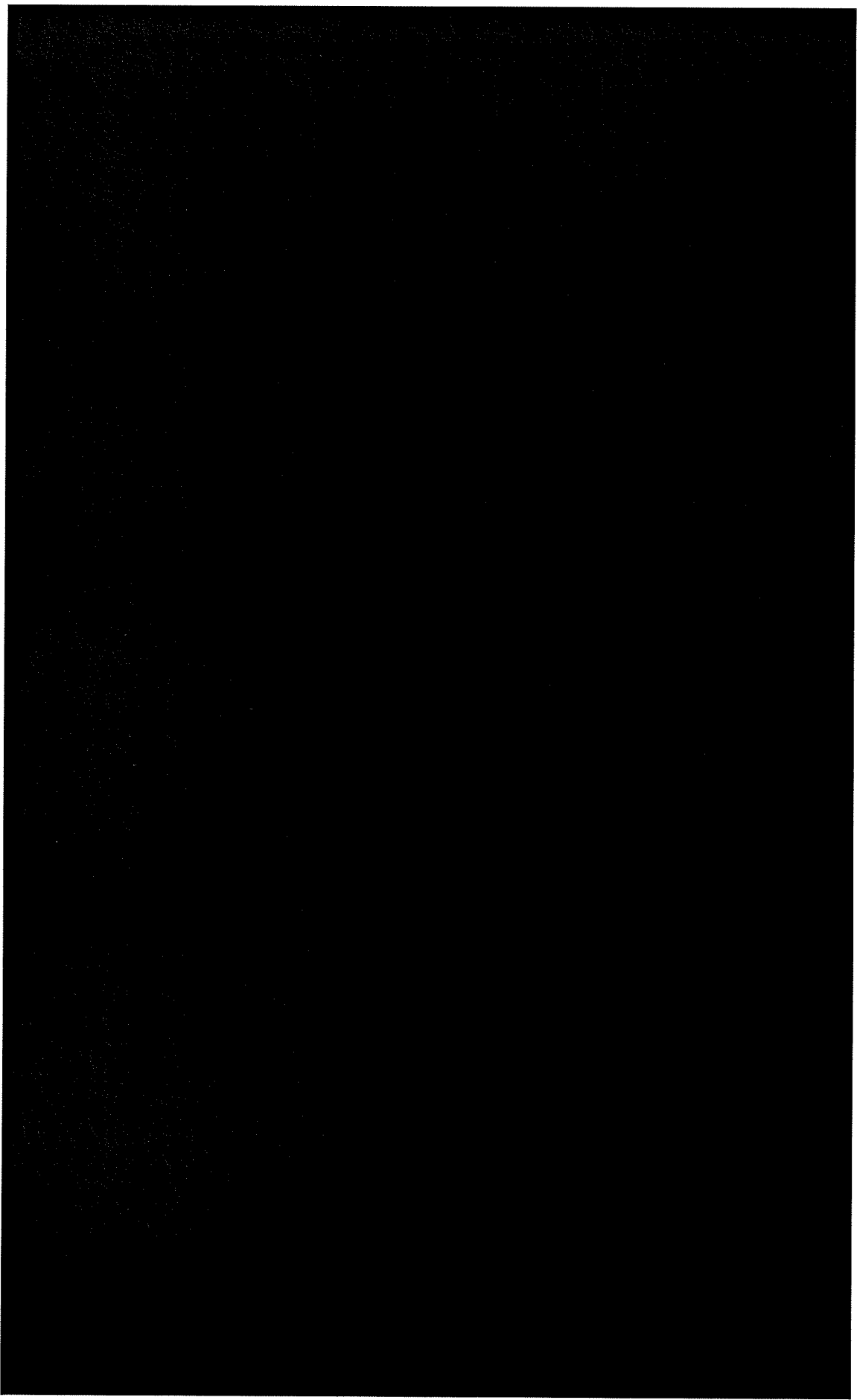
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YT monetization will be driven through 3 primary initiatives



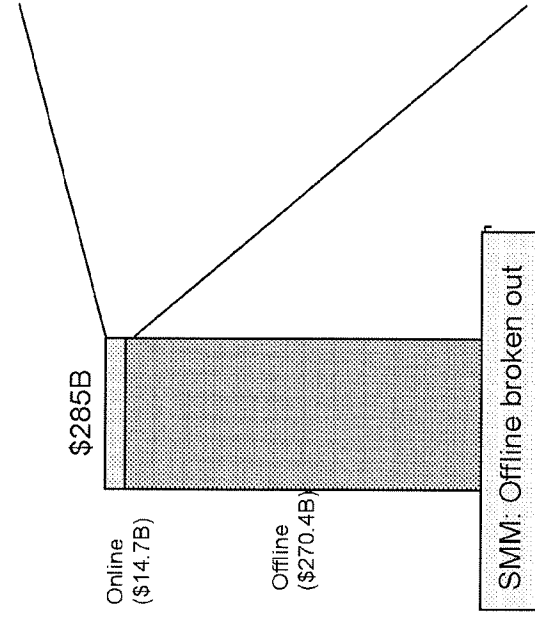
YT monetization will be driven through 3 primary initiatives



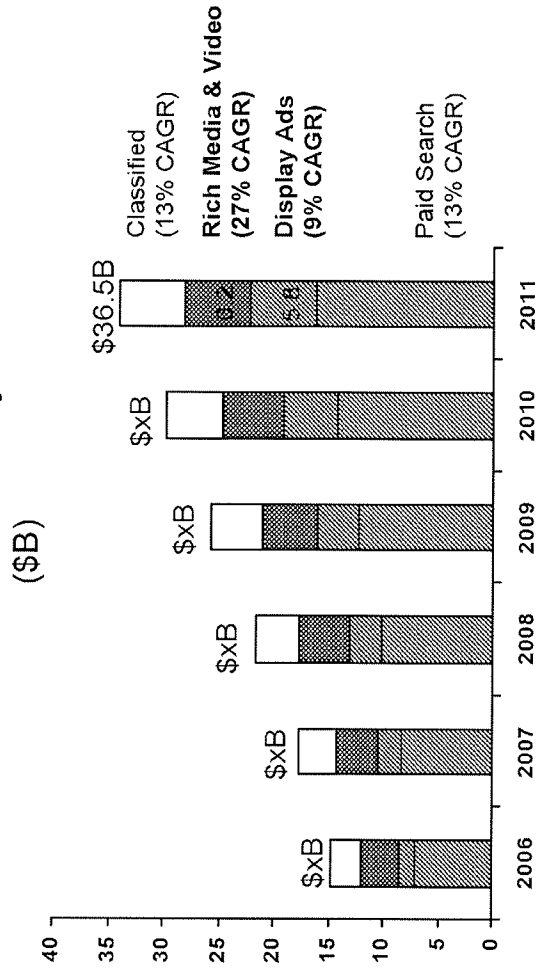
Updated title

The video and display online advertising market is expected to benefit from shifts in ad spend from offline to online

Online Advertising Market



US Online Ad Market Projections



Market Insights

- Online a small but growing portion of the advertising market
- Expect to see continued flow of dollars shifting away from traditional offline media (TV, print, etc.) to online
- Video advertising has highest growth rate (27%) among online formats and will be a \$6.2B market in 2011
- Usage trends affect the mix of ad spending across various media. Thus, as people are spend more time on YouTube, more advertisers will advertise.

YouTube's characteristics are well suited for brand advertising

YouTube Characteristics

- YouTube is a **destination site**
 - Goal is to engage users
 - Keep them on the site
 - Have them return often
- YouTube is all about the **video experience**
- YouTube is a **top online brand**
- YouTube reflects **pop culture**
 - Hundreds of thousands of videos uploaded daily
 - Diverse content
 - A zeitgeist of the times

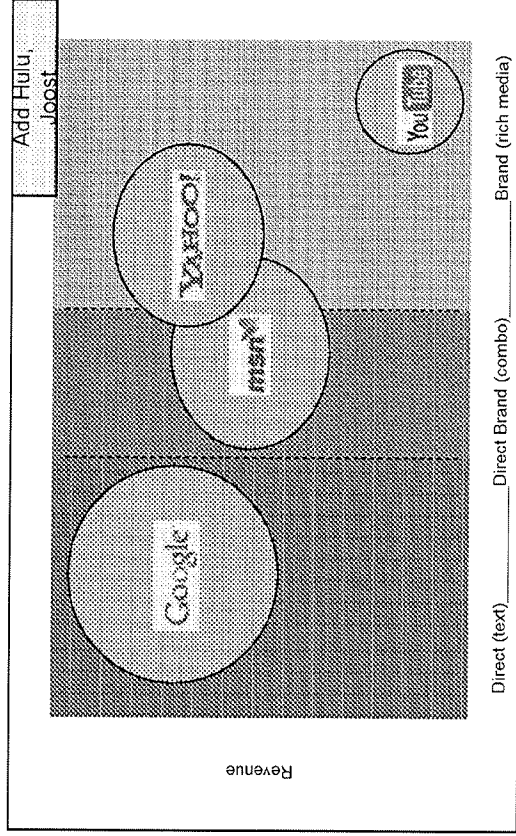
Advertising Principles

- Ads should fit with the **experience** of the site
 - Audience generally have non-commercial intent: top two categories by views — [REDACTED]
 - Advertising should be visual to fit with the video experience
 - Advertising should not be interruptive
 - Monetization should seek to promote more content and/or engagement on the site
- **Brand advertising goals best suited with YouTube**
 - Interactivity with users (brand dialogue)
 - Reaching targeted "audiences"
 - Rich media capability (site, sound and motion)
 - Association with popular YouTube brand

Needs work

YouTube's market approach is complementary to Google and will open doors to new advertising spend

Market Map



HP/Project Direct or Toyota Example

Give details of HP / Project direct

Hopefully showing large campaign, YouTube at the center of it and google content network and others benefiting with \$\$ spent there

- YouTube will be the "hook" for large brand advertising campaigns
- Past campaigns have shown YouTube's ability to bring in new advertising spend across Google properties
- GCN and YouTube will both target the broader display market

Placeholder: There are several assumptions we are making about the brand advertising space

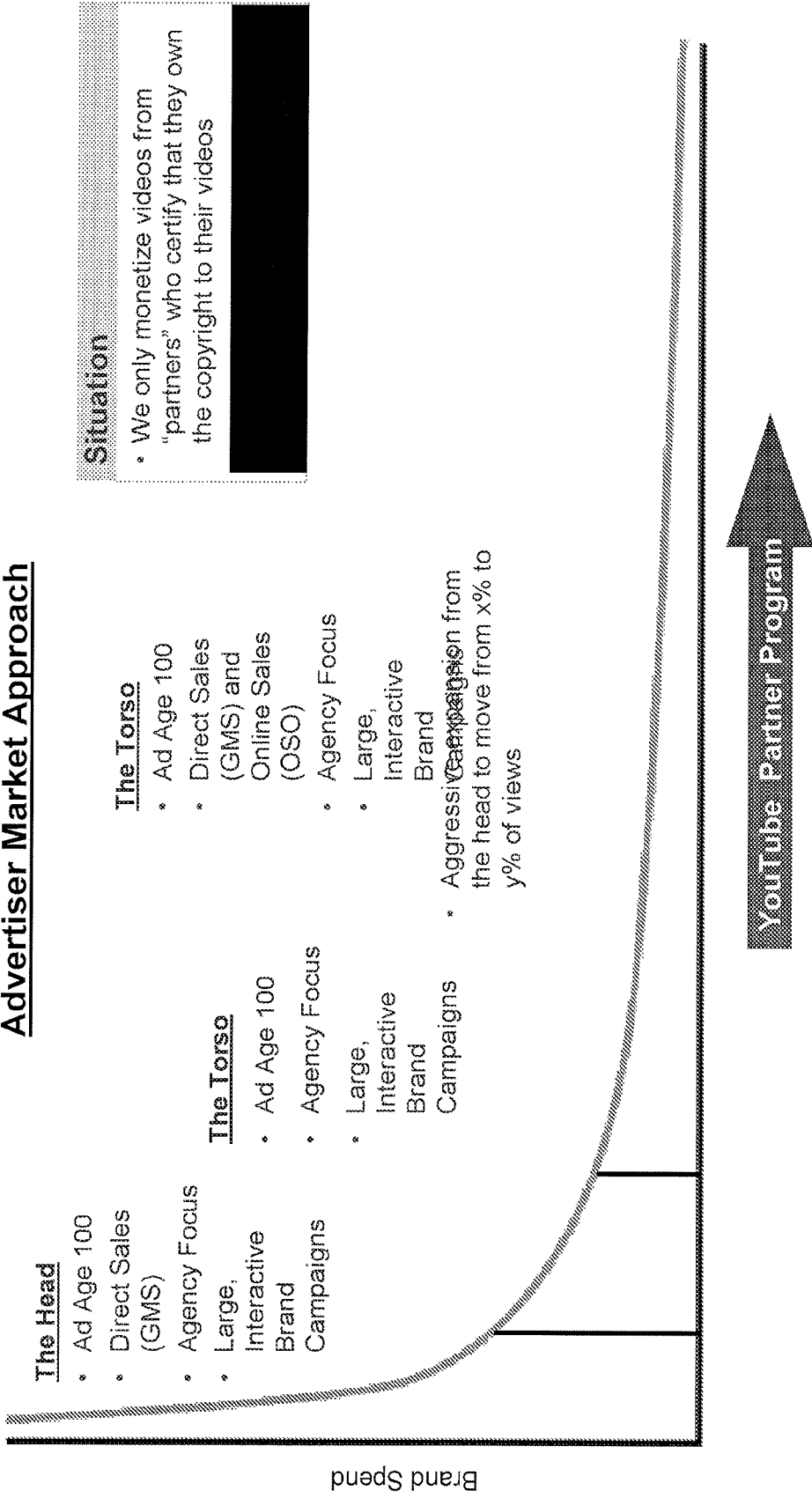
Our business assumptions are also based upon some fundamental assumptions about the development of the brand advertising space.

Truths which we believe are happening and YouTube can help to accelerate:

Brand Advertising Beliefs

- Brand advertisers of all sizes will increasingly become comfortable advertising against social media and the risks therein
- There will be the emergence of a broader brand advertiser base beyond the top global brands. These advertisers might look and feel like a brand/direct response hybrid at times - for example, local surf shop sponsoring surfing videos.
- YouTube will be able to move beyond "sexy platform of the moment" status by offering rich targeting segmentation and data analysis tools detailing consumer interactions with advertiser/sponsor content

Advertiser Market Approach



1 Capturing Brand & Display Market

Become a premium brand advertiser destination

Position YouTube as a premium property to capture large brand advertising budgets

Target Market

- Ad Age 100 (The Head)
- \$x Offline, \$y Online

Rationale

- Large and growing market
- Opens doors to broader spend across Google
- Highly profitable (need to prove)
- #1 revenue driver

Key Success Factors

- Effective "brand" sales capability
- Ability to create customized offerings – and then template for reuse
- Creative packaging

Economics

Revenue CPRD

- 2008: \$x
- 2009: \$x
- 2008: x%
- 2009: x%

	Today	End 2008	Tactics
Sales	<ul style="list-style-type: none"> • 50% of sales pods have sold YouTube accounts penetrated 	<ul style="list-style-type: none"> • 90% of sales pods have sold YouTube accounts penetrated 	<ul style="list-style-type: none"> • TBD – suzie & sales team • Direct sales only
Marketing	<ul style="list-style-type: none"> • Videocracy 	<ul style="list-style-type: none"> • YouTube Awards • X Tent Pole Events • Y Calendar Events 	<ul style="list-style-type: none"> • TBD – dice
Product	<ul style="list-style-type: none"> • Reliance on Contest Platform on Brand Channel • Supported by ad inventory 	<ul style="list-style-type: none"> • New Interactive Gadgets • Brand Channel Redesign • Promote Your Video (PVV) • Improved Metrics & Reporting 	<ul style="list-style-type: none"> • TBD – Shashi • Hire x sales engineers to work on brand advertiser gadgets and templates
Operations	<ul style="list-style-type: none"> • Non-scalable ad serving and billing 	<ul style="list-style-type: none"> • xxx 	<ul style="list-style-type: none"> • TBD – Shashi

Capturing Brand & Display Market

Become a scalable display advertiser platform

Utilize packaging and targeting to become a top display advertising destination

Target Market

- Broader Display Market (The Torso)
- \$x Offline, \$y Online

Rationale

- Large and growing market
- Scalable use of YT inventory

Key Success Factors

- Sales of Audience Packs
- Packaging of video inventory
- Targeting
- Self Service platform

Economics

Revenue

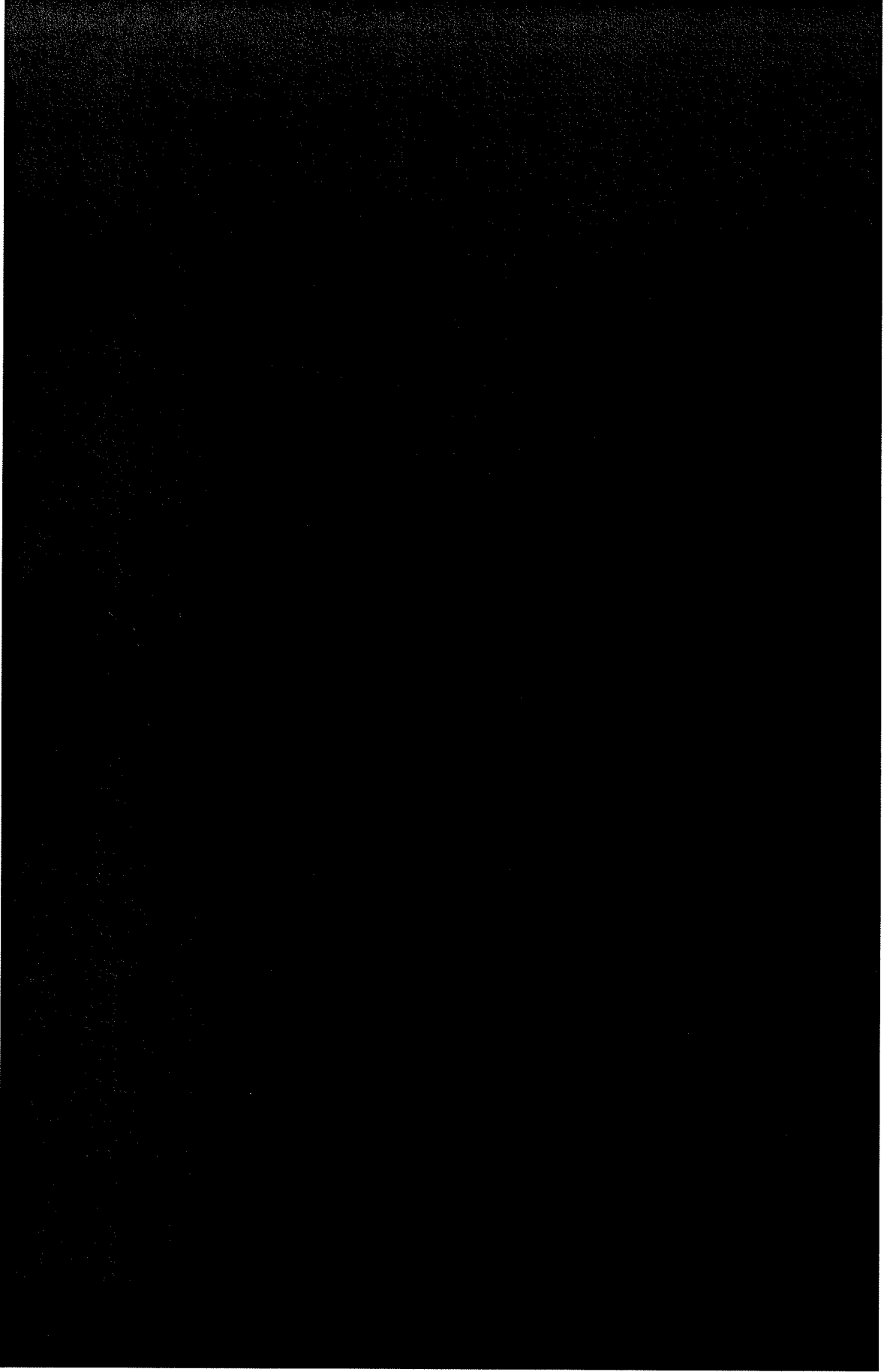
- 2008: \$x
- 2009: \$x

CPRD

- 2008: x%
- 2009: x%

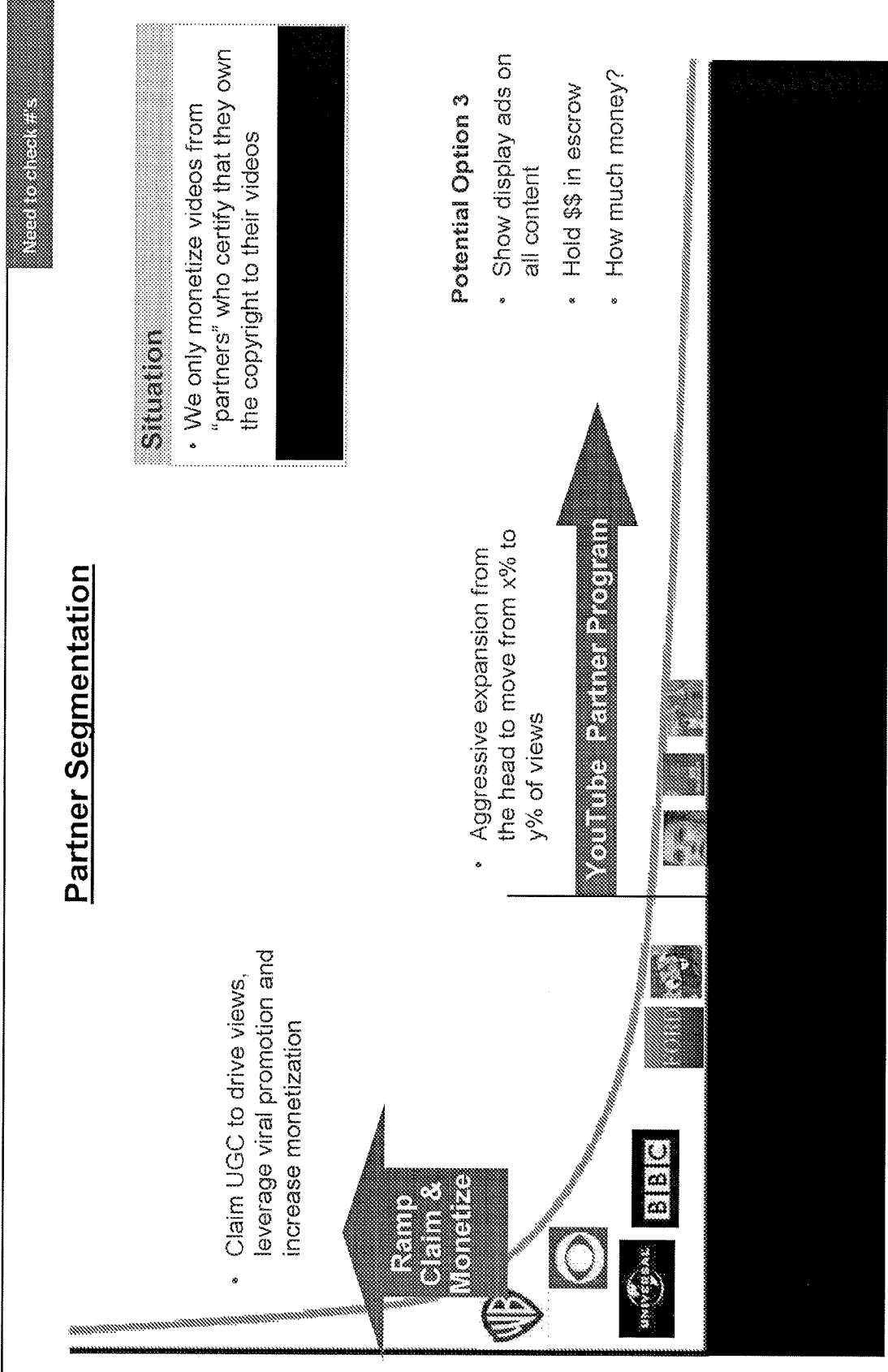
	Today	End 2008	Tactics
Sales	• ??	• ??	<ul style="list-style-type: none"> • TBD • Direct and Online Sales
Marketing	• ??	• ??	<ul style="list-style-type: none"> • TBD – dice
Product	• ??	• ??	<ul style="list-style-type: none"> • TBD – Shashi
Operations	• ??	• ??	<ul style="list-style-type: none"> • TBD – Shashi

YT monetization will be driven through 3 primary initiatives



2 Expansion of Monetizable Watch Inventory

Expansion of monetizable inventory can be accomplished in two ways





Expansion of Monetizable Watch Inventory

Ramp VID Claim and Monetize Activity

Hunter

Encourage scalable claim & monetize activity that fosters user creativity and leverages the viral nature of YouTube

	Today	End 2008	Tactics
Target Market	<ul style="list-style-type: none"> Premium content owners Some Torso 		
Rationale	<ul style="list-style-type: none"> Increase monetizable video views through claiming of UGC Leverages the viral nature of user uploads and sharing Positive user experience vs. blocking 		
Key Success Factors	<ul style="list-style-type: none"> Simple or non-existent claiming workflow for partners Claiming workflow integrated with partner sales capability Strong monetization (CPM) 		
Economics	Revenue <ul style="list-style-type: none"> 2008: \$x 2009: \$x 	CPRD <ul style="list-style-type: none"> 2008: x% 2009: x% 	
Sales	• ??	• ??	• ??
Marketing	• ??	• ??	• ??
Product	• ??	• ??	• ??
Operations	• ??	• ??	• ??



Expansion of Monetizable Watch Inventory

Expand Partner Program to Popular Users

Sheet1

Foster further content production and expand monetizable inventory through expansion of YouTube Partner Program (YPP)

	Today	End 2008	Tactics
Target Market	• User uploaders		
Rationale	<ul style="list-style-type: none"> • Increase monetizable video views • Incentivize more and higher quality video through sharing of revenue 		
Key Success Factors	<ul style="list-style-type: none"> • Online sign-up process • Managing risk of monetizing infringing content • Streamlining operations support • Applying appropriate ad inventory against YPP content 		
Economics			
Revenue			
• 2008: \$x			
• 2009: \$x			
CPRD			
• 2008: x%			
• 2009: x%			
Sales	• ??	• ??	• ??
Marketing	• ??	• ??	• ??
Product	• ??	• ??	• ??
Operations	• ??	• ??	• ??

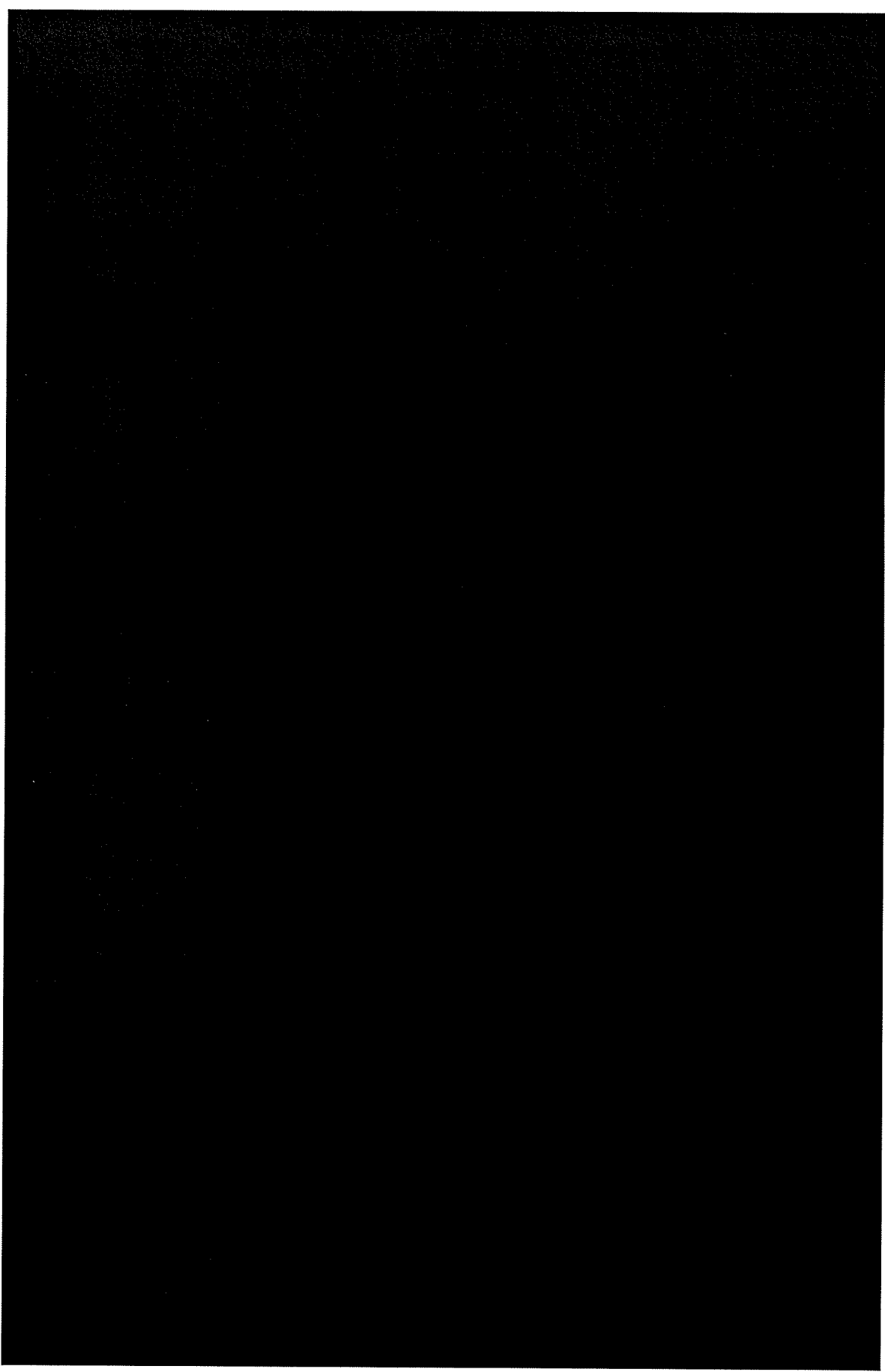
2 Expansion of Monetizable Watch Inventory

Improve Partner Content Discoverability

Improve users' ability to find partner content on YouTube

	Today	End 2008	Tactics
Target Market <ul style="list-style-type: none"> Partners (particularly premium and torso) 	• ??	• ??	• ??
Rationale <ul style="list-style-type: none"> Increase monetizable video views and partner revenue Difficult to find partner content in current user experience 	• ??	• ??	• ??
Key Success Factors <ul style="list-style-type: none"> Simple navigation and surfacing of partner content Balanced user experience across partner and non-partner content 	• ??	• 1 click links to partner content?	<ul style="list-style-type: none"> Navigation redesign? Launch youtube.com/music and one other
Economics <p>Revenue</p> <ul style="list-style-type: none"> 2008: \$x 2009: \$x <p>CPRD</p> <ul style="list-style-type: none"> 2008: x% 2009: x% 	• ??	• ??	• ??

YT monetization will be driven through 3 primary initiatives



3 Create content promotion engine

Phase 1: Create Content Promotion Engine

Shaahi

Phase 1: Utilize Promote Your Video (PYV) to open up new revenue streams from content creators

	Today	End 2008	Tactics
<p>Target Market</p> <ul style="list-style-type: none"> • Premium, Torso, YPP • Some users 	• ??	• ??	• ??
<p>Rationale</p> <ul style="list-style-type: none"> • Self-serve promotion ability will finally give content owners a lever to move above the clutter • Offers YT an self-serve revenue stream that generates more monetizable views 	• ??	• ??	• ??
<p>Key Success Factors</p> <ul style="list-style-type: none"> • PYV viewed as a marketing investment • PYV clicks result in long-term subscribers • Simple YT FE for managing campaigns 	• ??	• ??	• ??
<p>Economics</p> <p>Revenue</p> <ul style="list-style-type: none"> • 2008: \$x • 2009: \$x <p>CPRD</p> <ul style="list-style-type: none"> • 2008: x% • 2009: x% 	• ??	• ??	• ??

3 Create content promotion engine

Shashi

Phase 2: Create marketplace for advertiser / content pairing and promotion

Phase 1: Utilize Promote Your Video (PYV) to open up new revenue streams from content creators

	Today	End 2008	Tactics
Target Market <ul style="list-style-type: none"> • Brand & Display Advertisers • Content Partners 	• ??	• ??	• ??
Rationale <ul style="list-style-type: none"> • Self-serve promotion ability will finally give content owners a lever to move above the clutter • Offers YT an self-serve revenue stream that generates more monetizable views 	• ??	• ??	• ??
Key Success Factors <ul style="list-style-type: none"> • PYV viewed as a marketing investment • PYV clicks result in long-term subscribers • Simple YT FE for managing campaigns 	• ??	• ??	• ??
Economics <p>Revenue</p> <ul style="list-style-type: none"> • 2008: \$x • 2009: \$x <p>CPRD</p> <ul style="list-style-type: none"> • 2008: x% • 2009: x% 	• ??	• ??	• ??

Risks

Agenda

- * Performance to Date
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- * Summary of Asks

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Tactic prioritization and resource needs

<u>Rank</u>	<u>Tactic</u>	<u>Eng (FTEs)</u>	<u>Eng Timeline</u>	<u>Sales (FTEs)</u>
1	PVV	Major (--- FTEs)	launch beta Q2 Full product Q4	
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				

Primary Focus in 2008

Agenda

- * Performance to Date
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