

# Citi 2021 Global Technology Virtual Conference

## Company Participants

- Bill Ready, President, Commerce, Payments & NBU

## Other Participants

- Jason Bazinet, Citi

## Presentation

### Jason Bazinet {BIO 4013756 <GO>}

All right. Good afternoon, everyone. I'm Jason Bazinet. I'm Citi's Internet and Media Analyst. I'm excited this afternoon to be joined by Bill Ready. He is the President of Commerce, Payments and the Next Billion Users, sometimes referred to as NBU. Two housekeeping items. One, if you need disclosures, feel free to reach out to me, I'm happy to send them. And second, some of the statements that Mr. Ready will make today may be considered forward-looking. These statements involve a number of risks and uncertainties that could cause actual results to differ materially. Any forward-looking statements that Mr. Ready makes are based on assumptions as of today and Alphabet undertakes no obligation to update them. Please refer to Alphabet's Form 10-K and the most recent Form 10-Q for discussion of the risk factors that may affect its results.

And with those items behind us, Bill, thank you for joining us.

### Bill Ready {BIO 16847604 <GO>}

Yeah. Thank you for having me.

## Questions And Answers

### Q - Jason Bazinet {BIO 4013756 <GO>}

(Question And Answer)

Well, let me just start, because I would suspect that a lot of people on Wall Street don't know who you are, maybe some do. But just before we go anywhere, you joined Alphabet what in 2000 I think?

### A - Bill Ready {BIO 16847604 <GO>}

2020, January of 2020.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

January of 2020. Before you joined, where else did you work? What roles did you have?

**A - Bill Ready** {BIO 16847604 <GO>}

Sure. Yeah. So prior to Google, I was Chief Operating Officer at PayPal. So, for folks who are covering Fintech, I would have spent a good bit of time with those folks and so as COO of PayPal from its spin-off from eBay up until 2019. And prior to that, in PayPal, as COO had product engineering and end-to-end user experience. And prior to that, people would have known me mostly as a serial entrepreneur. Prior-to that, I had done five startups, the two most recent being Venmo and Braintree where I was CEO of both those businesses and sold those to PayPal, and actually I joined PayPal via the acquisition of Braintree and Venmo.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay. I was going to ask the follow-up question. It seems so unorthodox to join such a giant organization as Alphabet after your history, but it was via acquisition is what you're saying.

**A - Bill Ready** {BIO 16847604 <GO>}

Well, it was via acquisition by PayPal.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay.

**A - Bill Ready** {BIO 16847604 <GO>}

So I became CEO of PayPal via PayPal's acquisition -

**Q - Jason Bazinet** {BIO 4013756 <GO>}

I see.

**A - Bill Ready** {BIO 16847604 <GO>}

-- of Braintree and Venmo. And through the course of that, initially joined PayPal, was about rebuilding PayPal for mobile and then building a business of quite significant scale. And so, then started to really enjoy innovating and building a scale and so saw a lot of opportunity to do that in Commerce at Google.

And so that was -

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay.

**A - Bill Ready** {BIO 16847604 <GO>}

-- commerce of very interesting adjacency to what we've been doing in payments and so that was the lead up to joining Google to do Commerce.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So this must be the largest firm you've ever worked for, right?

**A - Bill Ready** {BIO 16847604 <GO>}

It's probably the largest firm that most folks would have worked for.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

It's fair enough.

**A - Bill Ready** {BIO 16847604 <GO>}

So certainly true for me.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Hopefully, they have a nice entrepreneurial corner for you to sort of create some value. So what are your responsibilities at Google today? And how do you allocate your time when you think about your sort of relatively long title?

**A - Bill Ready** {BIO 16847604 <GO>}

So yeah. So at Google, I lead Commerce, Payments and what is called next billion users which others would think of as like emerging markets effectively. And so, my org does a product engineering behind Google suite of shopping and travel tools and how those shopping and travel experiences show up across Google services like search, the shopping tab, maps and we collaborate with the other product areas at Google to do that. And I took on Payments and NBU leadership in April this year and the focus there is really tapping into what Google's best at which is user understanding and helping to build digital experiences that drive economic opportunity for consumers and businesses certainly in the major markets that you're familiar with Google. But then with our next billion users doing that and in emerging markets, great example being like what GPay has done in India for example.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So that's interesting. So payments was not part of your responsibility when you joined. That was just (Multiple Speakers)

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah, not initially. The thought there was -- there's a lot to do in Commerce that was adjacent to what I've done in payments in the past. But then Commerce and Payments go hand-in-hand a bit as well. So, it's been nice to bring those groups together and drive more innovation across those teams.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

I mean and for the leadership team thinks you're doing a good job and we'll just -- we'll leave it at that. So, maybe you can give us a little bit of a history with Google and shopping. Because I know there's a long sort of e-commerce history that goes back two decades. Just give us maybe like a brief primer on like, what did Google do in the past? What sort of didn't work? What did work? What are they doing now?

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah. So you're right. Google has been in retail for over 20 years and retail is a very big category for Google and a substantial growth driver. You heard Philipp reference that on earnings calls with retail being one of the largest drivers of growth for the ads business as he referenced in the last quarter's earnings calls. And so, we're doing more for this category than ever before. We have 1 billion plus shopping sessions happening across Google every day, and the approach we're taking there is bringing more choice, information and transparency to those shopping sessions by supporting an open ecosystem where shoppers can connect directly with merchants across all of Google services and without having an intermediary in between and really helping to forge direct relationships between consumers and the merchants from (Technical Difficulty).

And so, in doing that, we're tapping into searches, knowledge graph and a lot of new dynamic AI capabilities. At Google I/O, I announced our shopping graph, which is built on those uncommon technologies that is helping create connections between businesses and shoppers and doing that via extensive knowledge of product catalog around the world. So when users are thinking about what's the best product for them? What's the best value for them? What's the best place to buy it? All these types of questions, we were able to answer those questions for the user and (Technical Difficulty) see, we're back.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

We're back.

**A - Bill Ready** {BIO 16847604 <GO>}

Okay. Sorry.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

We're back after about 20 seconds, I'd say.

**A - Bill Ready** {BIO 16847604 <GO>}

Sorry about that. I think the internet didn't want to cooperate with me there for a moment. So, but we're doing all that with our shopping graph that we announced at Google I/O, and that's bringing together a very extensive product catalog. So that when the user has a question about, what's the best product? What's the best value? What's the best place to get that product? Who has it in stock? Can I get it online or in-store? Who has curbside? All these questions, users can come to be able to get

those questions answered and we help connect that user with the very best place for them to go buy based on their preferences, and then forge a direct relationship between the consumer and the places they're buying from. So that's our approach. It's very much aligned with Google's mission overall to democratize access to information, make it more useful and we're taking that same approach in what we're doing in Commerce, really tackling the information part of that problem and helping to bridge the cash (inaudible) users and the broader retail ecosystem.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So when you -- you said a billion shopping sessions a day, was that the number for you?

**A - Bill Ready** {BIO 16847604 <GO>}

That's right.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Well, how do you define a shopping session just for those that may not be as familiar with the --?

**A - Bill Ready** {BIO 16847604 <GO>}

Well, this is -- one of the things that I think retailers appreciate about Google is that there is very strong intent when people come to Google and searching for a product, they have a very clear shopping intent. And so, this is something that's been well defined for us for quite some time is which queries have a shopping intent. We know that based on the product they're looking for, their intent to buy the things they end up clicking on which often comes into being merchant product listing, these types of things. So, when we say a billion plus shopping sessions each day (Technical Difficulty) these are where we clearly see intent from user that we know there's a product something they are looking for. And that for the vast majority of shopping sessions, we're then connecting the user with a great place to buy the product that they are looking for.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay. So, here's the one area, maybe I'm just naive, but when we all throw around the word e-commerce, right, it sounds super simple. It's like a consumer wants to go do something. But, as soon as you delve into that ecosystem, it gets a little bit more complicated, right? There's like retailers, there's e-commerce platforms like Shopify, there's payment platforms, there's websites, there's consumers, and everyone seems to have different exposure across that long broader sort of value chain. So, what -- can you just talk about the broader ecosystem? And what white spaces or opportunities do you see for Alphabet in this pretty complicated, pretty crowded space?

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah. And it's a great question and is a place where we think there's a lot of opportunity to really support that ecosystem. That's our focus as how Google can

uniquely support that ecosystem. So when it comes to shopping, we support a free and open Commerce ecosystem just as Google has long been a supporter of free and open web. We think about supporting the free and open commerce ecosystem as well. And this is really important, especially for small and mid-sized businesses, but for retail broadly. And what we're really trying to do is give merchants of all sizes the opportunity to bring forward their unique value prop to users without having an intermediary in between, and then also allowing those merchants to bring the providers of their choice across things like payments or commerce platforms. And so, we really are working in partnership with the ecosystem to make those experiences better and focusing on the part that we think we're uniquely equipped to help with which is user understanding, user connection.

As you look across retail, you've seen tremendous growth go to vertically integrate experiences. And as you have the broader retail ecosystem, think about how do they digitize rapidly? How did they compete? There's a lot of companies out there solving for things like payments or things like Commerce platforms. They give them better access to fulfillment or logistics or inventory and order management, those kinds of things. And so, there's a lot of really good solutions across a number of those, but much of retail is still (Technical Difficulty) with, how do they connect with user? How do they source demand? And that's a place (Technical Difficulty) where we think we're uniquely equipped to help solve for that and do that not only in partnership with retailers, but in partnership with others that are building for retailers like our partnerships with Shopify and WooCommerce and other commerce platforms, payment providers like PayPal and Square. And so, we think by doing that we can really help to democratize access growth so that consumers have a broad array of choices. And so that merchants are able to go compete in a rapidly digitizing environment. And so, there's a number of things I can go through for like tangibly how we've done that.

But if you look at the impact of that, like I'll give you an example. There's a company called Louisiana Crawfish Company. It's a family owned and operated business that largely serves restaurants and stores in the local area. When COVID hit, restaurants shut down. Like so many other businesses, it had to pivot and they pivoted by starting to do home deliveries to families and that was the way for the businesses to survive. And by promoting their products -- by shifting to digital, promoting their products using search and smart shopping campaigns that company was able to directly connect with customers on Google and had growth in revenues by 31% during COVID when that was a massive shift to digital for them, something that would have been very different the way they operated their business before. That's one story, one example for helping thousands upon thousands of small businesses in these types of ways to access customers quickly and again doing it in partnership with the many other players in the ecosystem that are helping them do that as well such as commerce and payment platforms that are out there.

So, if you look back at what we've done just over the course of the last 18 months or so, we started out by reducing the financial barriers for those merchants to list. We made it free for any retail or of any size to make the full inventory available, on our services when we announced our free shopping listings. We've been reducing integration barriers by partnering more closely with their providers. Like, the

example I gave of Shopify, Square, BigCommerce, WooCommerce GoDaddy. So making it easier to access and really making it (Technical Difficulty) so that those products are discoverable across multiple surfaces of Google with a single integration by the merchants. So whether that consumer is on our main search results page and our shopping tab, using lens and image search on YouTube or shopping graph that now has over 24 billion listings and a lot of rich metadata like price reviews, ratings is really helping shoppers to find the right product for them across the widest range of merchants from the very largest retailers, all the way down to direct-to-consumer brands or small businesses like the one I was referencing.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So given your description of sort of working with other partners in the ecosystem and making it very easy for consumers to sort of connect with businesses without a middleman and then you describe some of the things that you're making available for free, right? What then -- what is the monetization mechanism for all of this? Like how should shareholders think about sort of how this ultimately translates to better revenue or cash flow?

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah. Well certainly, so, first thing I'd say is that our data shows us that we're really on the right track with this. In second quarter, retail was again by far the largest contributor to the year-on-year growth of our ads business as Philipp shared in earnings. In Q4 2020, we talked about the growth we saw in 2020, where we saw an 80% growth in our merchant community year-over-year with disproportionate growth coming from small and mid-sized businesses. So I share that as just like some specific quantification of both how we're building our ecosystem and contribute to the ecosystem, as well as how it's contributing to the growth of our ads business. And the model is very much just as you've seen from our search analysis [ph] business historically is that we're making it free for users to discover the best information available, the best products, the best places to buy them, that's free for the consumer, free for the merchant to make all those things available on our organic surfaces. And then ad is a great way for merchants to be able to promote to get premium placement and that creates monetization opportunities for us. And we see that working out quite well that as we've seen merchants really increase their participation or shopping capabilities, we've seen on average merchants who have enabled both free listings and paid ads on our shopping tab, have seen 50% increase in clicks to their sites, so this benefit of supporting both free experiences and paid opportunities are for merchants to promote, not only is it aligned with how our broader business search matches worked historically. We're seeing that's having really great effect both for users discovering more of what they were looking for, but also for merchants being able to really promote themselves and gain a lot of traffic.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

That makes sense. So, (inaudible) sometimes talks about the syntax gap, that is the difference between what a consumer might type into the search box versus what it is that they're really looking for or what they really want to buy. And I would guess your firm is probably better than anyone at closing the syntax gap given how much you know about this. But how much of a structural advantage is sort of -- Google's sort of

history in sort of search and closing the syntax gap as investors sort of think about the e-commerce opportunity?

### **A - Bill Ready** {BIO 16847604 <GO>}

Well, this is definitely a place for we think we can be very helpful to the retail ecosystem. Shopping is about inspiration and discovery as much as it is about the final purchase, really bridging that gap from inspiration, discovery all the way down to purchase. It's a very hard technical problem to solve for many merchants and problems really becoming even harder as usual shopping journeys are increasingly multimodal. So, you have a syntax gap of how do users express themselves, but you're also increasingly seeing the user engage in many different formats. And so, this problem is hard and getting harder and again a place where you think there's a lot we can do to help.

So, on the query side of this, of course, it's exactly as you're referring to, Google spent the last 20 plus years on search and as core search is about understanding language. So, most recently, we've been using AI to make huge strides in both natural language understanding and image recognition to understand what people are looking for and make product recognition almost instantaneous.

We're also working on newer technologies that can understand information across a wide range of sources like text, image and video to show options to shoppers even when they don't exactly know what they're looking for or to bridge the gap not just in syntax, but to bridge the gap in the different modes of formats with which they're interacting where these things are increasingly more visual or video driven on these types of things. And so when it comes to those results, our shopping graph is bringing together information from websites, prices, reviews, videos, product data such as SKU and inventory, bringing all these things directly from brands and retailers so that we're able to connect shoppers on those billion plus shopping sessions each day with over 24 billion listings from many millions of merchants. So this helped shoppers find what they're looking for, a wide variety of merchants and your shopping graph as I mentioned before, it's not just doing this on say, a shopping tab, this is helping to connect users with this content across all of our surfaces. And so bridging the gap from inspiration to purchase, no matter where the user is shopping or which surface they're on, whether they're on (Technical Difficulty) search or on YouTube watching a video or using lens to go search the world around them visually.

In any of these cases, we're making sure that this graph of 24 billion plus listings is easily accessible to the consumer on to our surface they might be in whichever stages of the shopping they might be in. And so, thus we're seeing that to be a very powerful combination that is again great for the user, because they can find best product for them. What's in stock, where to get it, but also really great for the merchants ecosystem that's being able to connect with the user at multiple stages in their journey and really express their value prop to users in new ways and new stages of the journey as well. And again, only possible because, we're working with a vibrant community of merchants and doing so in a way that is built on an open ecosystem and supportive of an open ecosystem.



**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay. So you've used a couple phrases in there, one of them you unpacked, one you didn't. So I just want to make sure we're all tracking. You used surfaces, I mean you unpacked that and said that could search, it could be YouTube, it could be Lenses, but then used another word, modes. What does modes mean? Is that mobile desktop? Or is that -- is there another (Multiple Speakers) that's the surfaces.

**A - Bill Ready** {BIO 16847604 <GO>}

Well, I think this is where the users -- you see digital starting to bridge the physical world, for example, and so, yes you have mobile versus desktop. This happened previously. You're starting to see digital come into physical world with things like curbside pickup. The thing we're also starting to see that shopping in the digital format is starting to move into places like video for example, where it may not just be (inaudible) syntax gap of users searching for something. But sometimes, the mode in which they engage maybe something more like a Discover feed or a YouTube video or these types of things, which are multiple new ways that consumers are engaging with the shopping experiences and back to democratizing access to the retail ecosystem. We're helping those -- that retail ecosystem to be able to integrate with us once and then have their products start to surface across multiple other surfaces and multiple other shopping modes. And we think there's a lot of new things that we can do as digitization drives forward and these things start to move more and more into the physical world. Curbside is a first example, but I think there's a lot more of that to come as well.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

What would be another example other than curbside?

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah. Well, I think this is a -- if you look at what we're doing with Google Lens for example, where users take a lot of screenshots as they're sort of perusing the web, looking for things they might be interested in, people will sort of save those by taking screenshots. One of the things that we've announced with Google Lens is now the right end Google Photos, Lens's is able to tell you that screen shot you took, Lens will recognize the image, tell you what the product is, where you could get it. Lens could do that in the physical world as well though that you imagine as users start to go more into the physical world again that they've been accustomed to much richer information about products that they got in the digital environment, but they also want to go back into stores. And so people have talked for a long time about how can your Smartphone be a digital shopping assistant in the physical world, but with Lens, you can point your phone's camera at anything and it will help you search what you see right with Lens but search what you see in one of the biggest used cases for that we see is shopping, so that you're out, you see a product, you may not know what that product is, but you get really interested in and you want to know what is that? Probably tell me more about it and you talk about a syntax gap, you don't even know what that product is yet, and now you can just point your phone at it and we can connect that to that shopping graph of 24 billion plus listings and recognize what's the product you're point your phone at, tell you more about it,

give you great user reviews, tell you where to buy it and all kinds of other information. They would be more akin to your e-commerce experience, but now you can do that in the physical world as well.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Got it. That's super helpful. So you touched on this. Philipp has mentioned the shopping opportunity on YouTube on recent calls. But how are you addressing the shopping opportunity on YouTube specifically?

**A - Bill Ready** {BIO 16847604 <GO>}

Well, YouTube is exciting for many reasons. It's incredible to see the amount of content that's available for users across so many topics and just how valuable users find that content. And it's not just the content, it's a -- YouTube is a shopping destination. Think about unboxing videos and product reviews. There's a tremendous amount of that activity. And according to our research, a remarkable 70% of customers buy a brand after seeing it on YouTube. So we're working hard to make YouTube not only more actionable but more shoppable. We do beta testing and integrated shopping experience on videos on demand. One example that is with Mondelez's Sour Patch Kids which was the company's first creator campaign and it's over 3% plus click through rate on desktop alone over a three period. So, we're piloting shopping experiences on live streams with a handful of creators and brands. And so, if you're watching a supportive live stream on YouTube, you can browse and shop products from real time without interruption. We made really substantial user merchants and advertiser experiences on YouTube over the past year. So there's a great potential for more innovation on that going forward, but really driven by the fact that there's a lot of user engagement there already through great content, particularly shopping content like the example that's given before where YouTube is effectively a shopping destination already and we're just bringing more capabilities to meet the user demand and user intent is already there.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So how important is VR/AR, when it comes to commerce? Do you think that's a key enabler or just I mean, do you think that's going to be like it's a lot of buzz out there but -

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah, absolutely. I mean, touching on this a little bit my comments about Lens but the consumer shift to digital is very real. As we all know, the pandemic has accelerated that digitization tremendously and in the last year, we've seen an increase in adoption of digitally enabled services such as curbside pickup, same day delivery and as people come back into the store, I think there would be a much more need for a blended digital experience as people come back into the store and as I mentioned before, Google Lens is very much our (Technical Difficulty) pack play into that omni-channel experience and a place where we can uniquely bring together physical and digital worlds of commerce and that very much pairs with our AR and VR capabilities as well.

So, initially couple of examples like with Google Photos and the ability to search the photo with Lens and/or point your phone at some PC in the real world and know what that is via Lens. I think these are great examples of not just in theory what we could do with AR and VR, like these are things I was talking about these Google I/O, these are live products that you can use today to shop what you see in the physical world using your phone.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So how does Google Payments fit into all this?

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah. So every commerce experience is also a payments experience. And a friction laden check out can take the joy out of purchase. And so, in shopping, we think about our goal as giving retailers more choice by opening our platform and so the merchants can connect with consumers. But notably, we've talked about giving those merchants also the ability to bring the payment provider of their choice. We've done that with PayPal, Shopify, and we're really trying to help drive a seamless payment experience there that works for everyone, both the user, the merchant, and the payment providers that those merchants are working with.

On the user side of this, Google Pay is also a checkout facilitator that makes it even easier for consumers to access the payment method of your choice, whether that's a credit card or PayPal or Shop Pay or some other form of payment, each of those were examples of places where Google Pay has a checkout facilitator is helping the user access their favorite payment method and we're partnering with the broader ecosystem and others that are like-minded and trying to solve for check out as well. We've already seen millions of merchants offer Google Pay as a simple safe way for the customers to pay on sites and apps and in stores. And on the user side, it's over 150 million users that use a Google Pay app to manage and make payments and manage everyday transactions and staying on top of their finances. So we think it's a lot more that we can do here.

We're continuing to innovate, but importantly, we're innovating in partnership with the ecosystem, both merchants, financial institutions and other financial services providers, really bringing new digital experiences to help them connect with their customer base. So a couple of tangible examples of that. In the U.S., we partner with merchants who surface card linked offers and coupons within Google Pay. Users can send cross border payments from the U.S. to India and Singapore using (inaudible). And last month, we announced a partnership with (inaudible) a Fintech company in India to enable users to open fixed deposit accounts directly from Google Pay. So, just as with commerce where we're not a retailer, but we think there's a lot we can do to help retailers and help the ecosystem in payments, we're not a bank, we have no intentions of being a bank, but we do think that our platform can be very beneficial to banks, financial institutions and financial service providers and fintechs to connect more users with the financial services that they provide.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So how will you monetize Google Pay?

**A - Bill Ready** {BIO 16847604 <GO>}

So, just as we're talking about on the shopping and commerce side, Google has always been about supporting the free and open web. And with Google Pay, we're making digital payments free and easily accessible, easily available to consumers and merchants. So, maybe I'll share a couple things that we're doing.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay.

**A - Bill Ready** {BIO 16847604 <GO>}

So, Google does not make money from Google Pay user data. Transaction history is not shared with any other Google service for targeting ads. We do not charge merchants or users fees for in-store tap and pay transactions and for web and mobile checkout using Google Pay button. We really are focused on creating a better buying experience for consumers and helping the merchant ecosystem by lowering friction in their commerce experiences, without dipping into their profits. And so that way merchants can choose whatever service for surface is best for them and use Google Pay as a way to help drive more conversion, but in a way that is in support of the free and open ecosystem. And then, we do have places we'll have commercial arrangements with merchants for incremental sales or sourcing other offers or those types of things. So we do have some of those places where we'll monetize directly, but by and large, we're trying to take friction out of the experience in support of the free and open web .

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay, super helpful. Well, how does travel fit into all this? I mean everyone's very excited about the travel recovery as we sort of move to the post COVID world. Is travel a big part of what you're thinking about or less -

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

-- relative to the broader e-commerce opportunity?

**A - Bill Ready** {BIO 16847604 <GO>}

No, travel's a very important part of our commerce strategy and our transient travel really mirrors what we're doing in shopping as well. And we see a great deal of travel queries on Google, that have clear commercial intent and we're providing helpful information to people to start their travel research and journey on our surface, no matter where that journey ends. So, we're trying to leverage our technology to offer great experience for users across all points in the journey, from inspiration to price comparison to booking. A good example of that would be Google flights, where we can deliver near instantaneous results from a massive data set of flight prices that changes from moment to moment. And just like shopping, we would help users

compare and understand all their options -- all the options available to them and promote a healthy ecosystem and democratize great digital capabilities for that ecosystem.

And so, like we've done with retail, we're working with travel businesses to eliminate barriers so they can easily integrate with us and share their latest best offerings with consumers. And again, and just as with retail, we're facilitating direct connections between consumers and travel suppliers of all sizes and types whether those are online travel agencies, hoteliers, airlines from the very largest to the smallest. We're helping them connect directly with those customers in the customer connect directly with the suppliers on those things and we're seeing that. There's a lot of benefit on both sides of the ecosystem for that. And as the travel is recovering further, we think we're helping to facilitate that recovery and creating positive lift in the industry with tools and technology that all travel suppliers can use to navigate their comeback. Very specific example would be what we did with Amtrak. And when COVID hit, ridership plummeted, budgets were cut, and uncertainty, really ensued on how to efficiently reach essential travelers. So we stepped in with insights and automation. And bookings for their latest quarter Q2, increased three times year-over-year. So, consumers are going to be grappling with a lot of different information needs, you have travel suppliers, again looking for how do they connect with the consumer as there are shifting needs based on a sort of heterogenous come back in travel and those kinds of information gaps are really great places where Google can help to add a lot of value for the consumer and for the travel ecosystem.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

So, you're in payments, but you don't want to be a bank. You're in e-commerce, but you don't want to be a sort of an Amazon if you will. And you are in travel, but you don't want to become an OTA. It's all about the open ecosystem and just facilitating transactions. Is that right? Is that a good summary?

**A - Bill Ready** {BIO 16847604 <GO>}

That's right. And really focused on the information part of the problem, and connecting those ecosystems with users. And so yes, we, you're exactly right because we're in each of those spaces in a way to help those ecosystems to connect with users, which is really at the core of our business. And what we do well and we're quite clear-eyed about focusing on that part that we do well and not looking to go move in to the profit pools of those other players into things that they do well leaving that with them, but really assisting them through the thing that we can do well around user understanding, connecting users with those service providers directly.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay. I have to ask you one sort of tactical question, because all of the hedge funds will get upset if I don't. So Philipp noted that travel was a big driver of the Q2 ad strength. With this sort of delta variant, have you seen sort of any undulations or changes in terms of this travel recovery? Or does it feel like everything is still going to head at sort of the normal sort of pace of recovery that we would expect as COVID moves to the background?

**A - Bill Ready** {BIO 16847604 <GO>}

Yeah, well, little bit as I was alluding to in my last comment, there's a lot of heterogeneity and travel based on location and sort of what's happening in a particular geography, at a particular moment in time and that's ever shifting. And so, people are having to navigate through a patchwork of information before they travel. And so, consumers come to us to help them navigate that unpredictability and will continue to supply them with relevant information that meets their needs in an ever-changing landscape on that. And we've lost a lot of new features to help you better understand the changing travel restrictions requirements as they think about where they want to safely go next.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Yeah.

**A - Bill Ready** {BIO 16847604 <GO>}

So, we'll also continue to help our travel partners, innovating digitized, giving them access to tools like flight demand explorer or travel and size to understand travel demand. So, again, that heterogeneity, it can be at times difficult for the consumers to navigate, difficult for travel suppliers to go connect with those consumers, but also a place where we think we're uniquely equipped to go solve for the users' needs as well as helping the travel ecosystem to connect with those users.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Okay. So, I have one last question for you. So, there's obviously a lot going on in the broader internet, a lot going on broader digitization but as you sort of look at all of the things that are happening in the broader ecosystem and what you're focused on, what are the one or two things that you're most excited about?

**A - Bill Ready** {BIO 16847604 <GO>}

Well, I would say generally as many have talked about, we (Technical Difficulty) seeing decade's worth of digitization happen in the last year and it is rapid as that has been, it certainly isn't fully optimized and it's certainly not done. And I'm really excited there's multiple vectors where we can help with both the optimization of the digitization that's already occurred as well as helping to continue advancing that. In digital, it's no longer just about e-commerce, but also includes digitization of the in-store experience with things like buy online, pick up in store or like the Lens experiences that I was talking about that people are going to have the expectations that you just built with their increasing use of e-commerce or going to move with them into the store.

So, I see a lot of runway for these types of things like Lens, where we're in the very early stages of development, but can effectively start bridging online discovery and in-store intent. And it's not just Lens, so many things where we see initial uptake for example on things like tap to pay in store that has seen acceleration, but it's still in early stages. And so, overall it's a, excited about the opportunity that digitization provides. And the fact that, is rapid as that has been, there's so much more of that to

go and so much opportunity for us to be an enabler for the ecosystems and multiple spaces like we talked about with shopping and with travel and as well as payments for us to be enabler for many participants in those ecosystems to go connect with users in that digital environment. So I think lots more to do there. I'm quite excited about that.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

That's great. Well, Bill, thank you very much for the time this afternoon. I really enjoyed it. I'm sure our audience members did as well. So thank you so much.

**A - Bill Ready** {BIO 16847604 <GO>}

Thanks, Jason. Appreciate you having me.

**Q - Jason Bazinet** {BIO 4013756 <GO>}

Yeah. Absolutely, be well.

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