

# Amazon

Product Pitch to Enter Video Industry

**Product Owner: David Nguyen**



# Background

## Why Are We Here?

- Amazon continues to build its track record for investing in opportunity areas from books, toys, computer chips, electronics, AWS, healthcare, satellite, language models, and AI
- Proposing to enter the **video industry** based on potential revenue and synergies

**Building digital products that improve, entertain or simplify the lives of our product users around the world.**

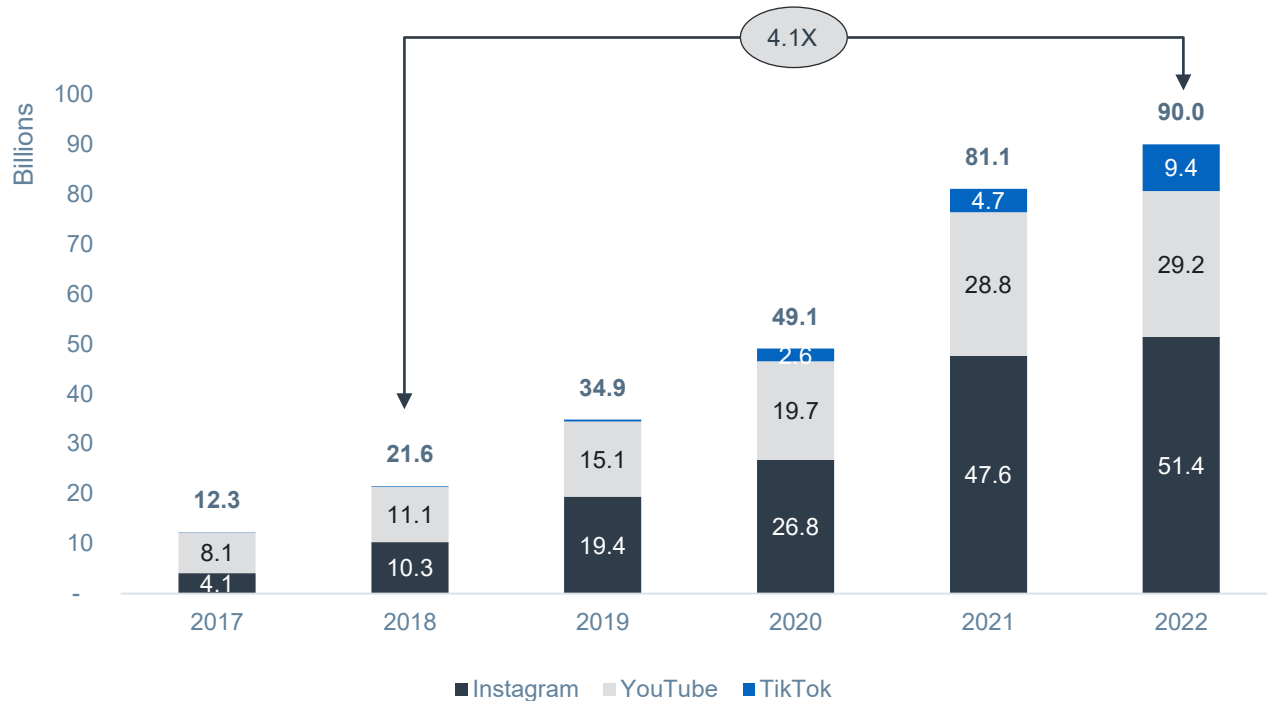


# Business Case

# Initial Focus

## Where are we starting?

Comparators in the video publishing industry experienced tremendous growth of revenue of 4x since 2018.



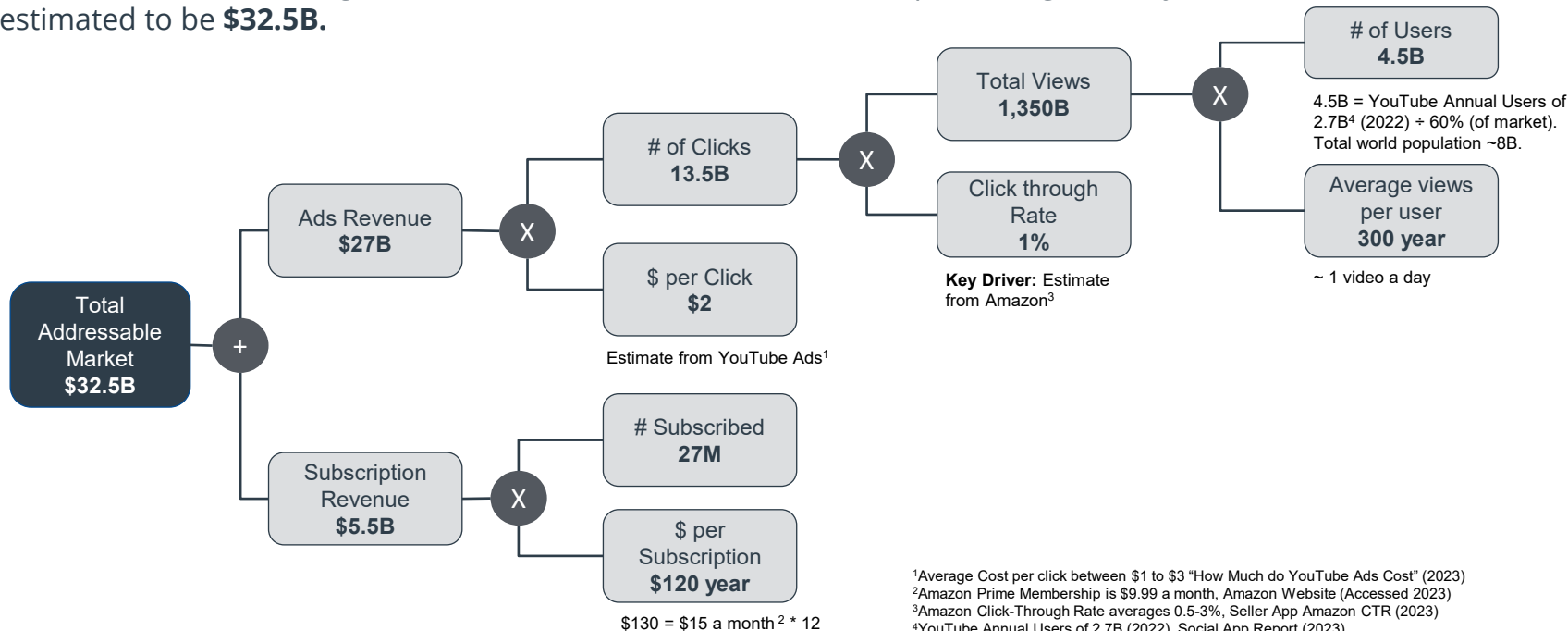
### Drivers of Growth

- COVID lockdowns increased demand for streaming and self entertainment.
- Cloud adoption driving increased digitalization through ease of storage and access to on-demand cloud computing
- Increased adoption of AI to provide personalized content

# Opportunity

## What's the problem?

Our goal is to move quickly to solidify and extend our current position while we begin to pursue opportunities in other areas to create long-term value for our shareholders. Video publishing industry **Total Addressable Market** is estimated to be **\$32.5B**.



# Proposal

## What's Our Solution?



### Create content with ease

Create, Edit, Customize and Share videos with ease



### Real time analytics and personalized content

Personalized content and recommendations (videos, music, products) based on user data



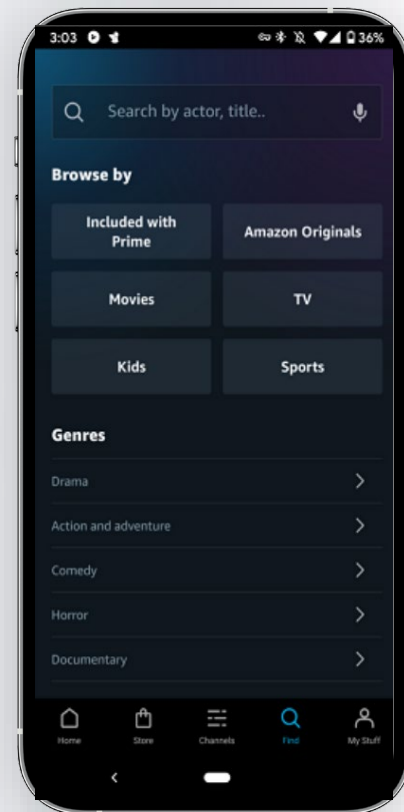
### Engage and interact with your community

Interact, engage with global community based on shared interest



### Monetization

Earn money through subscription, ads, product endorsements, brands and sponsors



# Return On Investment (ROI)

## What can we do?

Estimated **ROI is 73%** over 10 years with a **payback period of 6.3 years**.

Growth Rate 40%  
Discount Rate 5%

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
<b>Revenues</b>											
Advertising Revenue	10,000,000	14,000,000	19,600,000	27,440,000	38,416,000	53,782,000	75,295,000	105,413,000	147,578,000	206,609,000	1M users at \$10 per user, growth rate of 40% YoY
Subscription Revenue	1,200,000	1,680,000	2,352,000	3,293,000	4,610,000	6,454,000	9,036,000	12,650,000	17,710,000	24,794,000	10K subscribers at \$120 a year, growth rate of 40% YoY
<b>Total Revenue</b>	<b>11,200,000</b>	<b>15,680,000</b>	<b>21,952,000</b>	<b>30,733,000</b>	<b>43,026,000</b>	<b>60,236,000</b>	<b>84,331,000</b>	<b>118,063,000</b>	<b>165,288,000</b>	<b>231,403,000</b>	
<b>Costs</b>											
<u>Fixed Costs</u>											
Development Costs	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	-	-	-	-	-	50 Engineers x \$300K a year for 5 years
Marketing	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	\$5M first year, \$1 following years
Infrastructure	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	\$2M per year
Salaries (moderators, PM, designers)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	20 Employees x \$150K a year
<u>Variable Costs</u>											
Hosting / Bandwidth / Storage	3,360,000	4,704,000	6,586,000	9,220,000	12,908,000	18,071,000	25,299,000	35,419,000	49,586,000	69,421,000	30% of revenues
Payments to Content Creators	1,120,000	1,568,000	2,195,000	3,073,000	4,303,000	6,024,000	8,433,000	11,806,000	16,529,000	23,140,000	10% of advertising revenues
<b>Total Costs</b>	<b>29,480,000</b>	<b>27,272,000</b>	<b>29,781,000</b>	<b>33,293,000</b>	<b>38,211,000</b>	<b>30,095,000</b>	<b>39,732,000</b>	<b>53,225,000</b>	<b>72,115,000</b>	<b>98,561,000</b>	
<b>Summary</b>											
Cash Flow	(18,280,000)	(11,592,000)	(7,829,000)	(2,560,000)	4,815,000	30,141,000	44,599,000	64,838,000	93,173,000	132,842,000	
Discounted Cash Flow	(18,280,000)	(11,040,000)	(7,101,134)	(2,211,424)	3,961,312	23,616,262	33,280,460	46,079,156	63,063,154	85,631,138	
Discounted Return	217,000,000										
Return on Investment	73%										
Payback Period	6.30										

# Measurement

How will we know if we're successful?

- **10M+** Monthly active users
- **100M+** Hours of watch time
- **100K+** Content creators / accounts opened
- **\$5M+** Annual recurring revenue
- **1B+** likes, comments, shares, saves or click-throughs



# Competitors



## Competitor Overview

- YouTube, LLC is an American online video sharing and social media platform headquartered in San Bruno, California, United States
- Owned by Google, it is the second most visited website, after Google Search
- YouTube videos categories include music, news, short films, educational videos, DIY, documentaries, live streams, vlogs, and more
- Revenue segments include advertisement and subscriptions (Premium)
- Key partners include Google, brands, content creators program providers (CBS, BBC, Vevo, Hulu), developers, music and licensing studios
- Stats (2022): \$29B revenue, 2.6B users, 80M premium subscribers

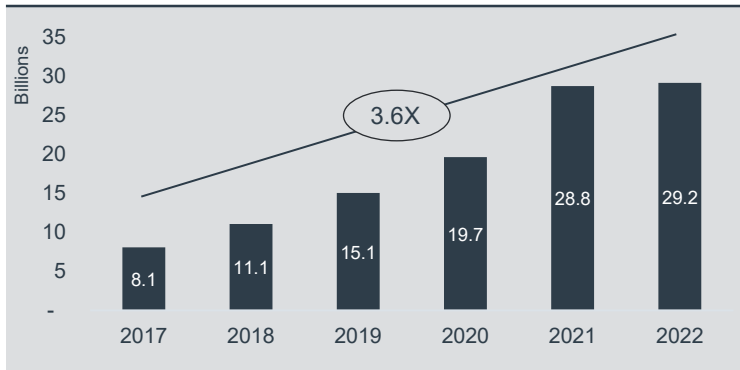
## Products

- YouTube Platform
- YouTube Mobile
- YouTube Premium
- YouTube Music
- YouTube Live
- YouTube Shorts

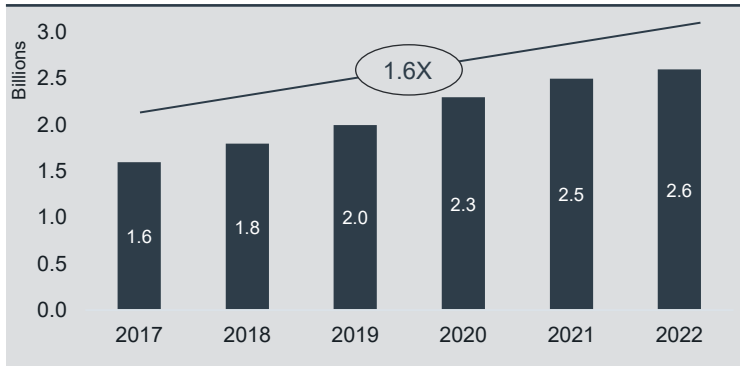
## Key Features

- YouTube Search sorts through vast numbers of videos to find the most relevant and useful result
- YouTube recommendations and up-next based on videos watched, search history, other users activity
- Monetization for creators through advertisements, merchandise, and subscription model
- Auto-translated captions into 16 different languages

## Revenue Growth Last 6 Years



## Monthly User Growth Last 6 Years





## Competitor Overview

- Instagram, LLC is a photo and video sharing social networking service owned by the American company Meta Platforms
- The app allows users to upload media that can be edited with filters, be organized by hashtags, location and shared publicly or with preapproved followers
- It gives people the power to build community and brings people closer together to the things they love through feed, stories, reels and videos
- Revenue segments include advertisements, branded content, promoted posts, and Instagram shopping
- Stats (2022): \$51B revenue, 2.3B users, 80M premium subscribers

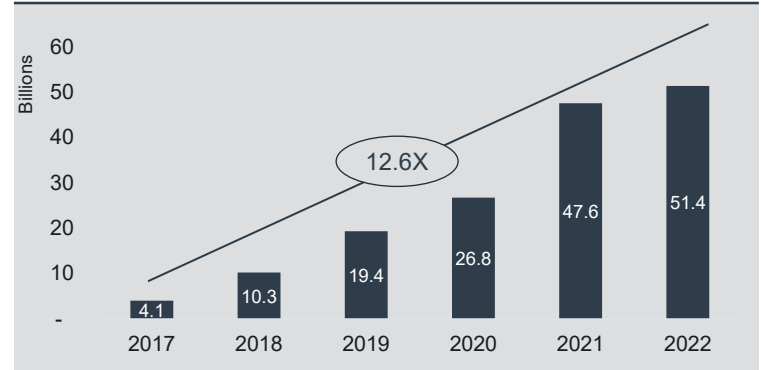
## Products

- Instagram Feed
- Instagram Stories
- Instagram Explore
- Instagram Shopping
- Reels (Short Videos)
- Branded Content

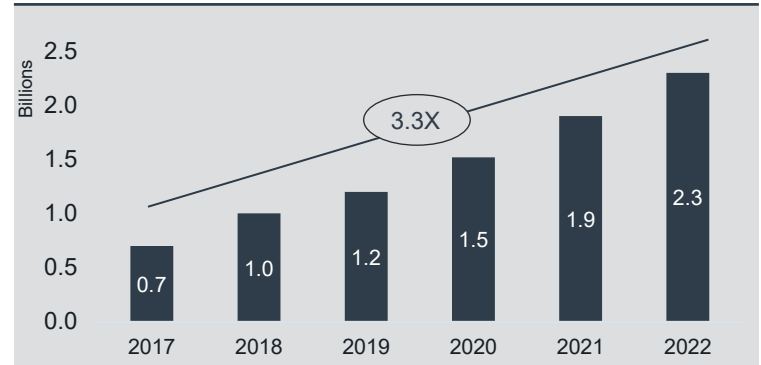
## Key Features

- Create, share, and watch short, entertaining videos on Instagram
- Discover content and creators based on your interests
- Shop and browse the latest trends from your favorite brands and creators
- Send messages, photos and videos to a friend or people

## Revenue Growth Last 6 Years



## User Growth Last 6 Years



# Our Advantages

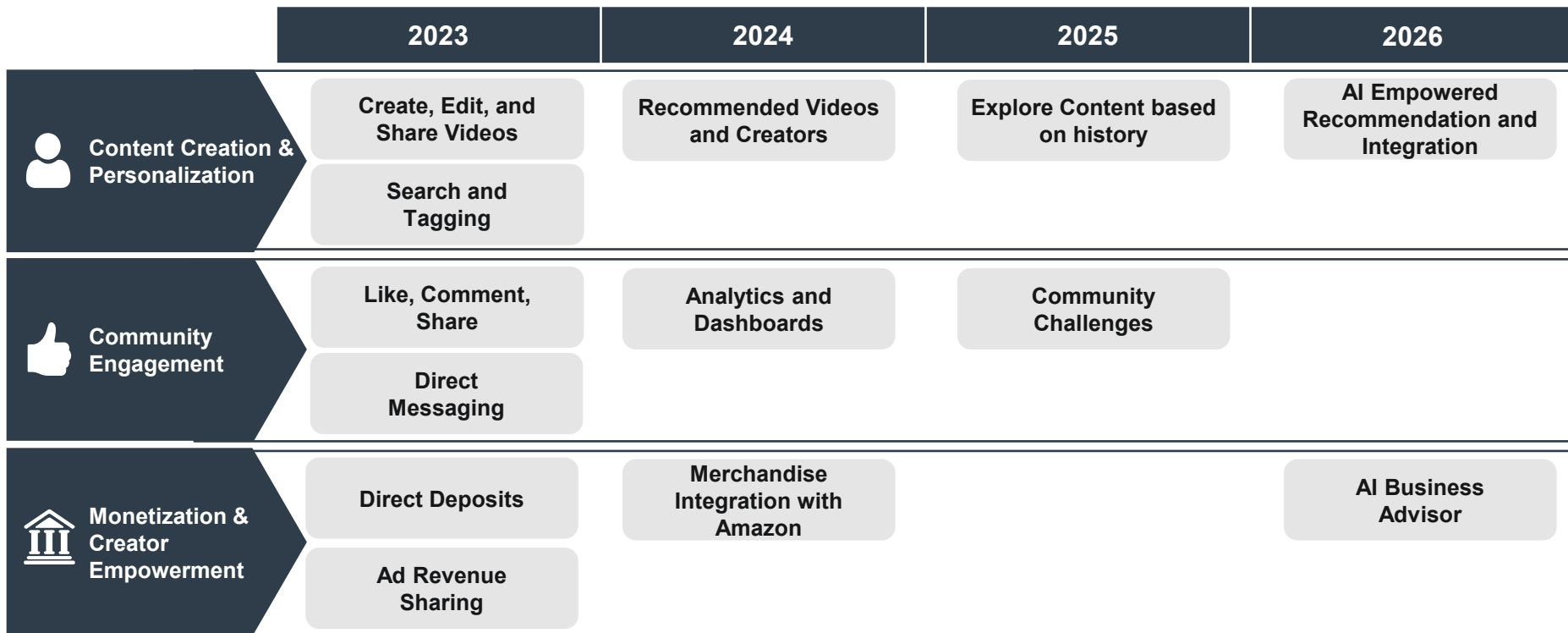
## Why are we better?

- Customer centric approach - customized, personalized, tailored recommendations based on user data (shopping, music, movies) with a global reach
- Track record, brand and experience running multiple categories and investing in opportunity areas such as books, music, videos, electronics, cloud technology, toys, pharmaceuticals, groceries
- Integration across multiple services and platforms such as Amazon Video, Amazon Drive, AWS leveraging professional tools to create content

# Roadmap and Vision

# Roadmap Pillars

Discover, Create, and Connect with your community through shared interests.



# Content Creation & Personalization

Built for by you, for you

- Create, Edit, and Share videos with ease through Amazon simplified interface
- Discover and explore content and trends based on search history, interactions, and behaviors
- Personalized and customized recommendations on products, videos, books, movies and music through Amazon integrated platform

# Community Engagement

Giving people the power to build communities

- Like, Share, Comment and Engage with communities and users based on shared interests
- Real time analytics to track video performance and engagement (views, watch time, clickthrough rates, likes/dislikes) to further tailor content
- Community challenges that encourage users to collaborate, create content, and engage with each other using specific hashtags or themes.



# Monetization & Creator Empowerment

Grow your brand

- Simplified, transparent, flexible and effective ad revenue sharing model with content creators
- Collaborate with Amazon.com, partners, brands and sponsors to earn more
- AI empowered advisors that recommends next steps to scale your brand

# Where do we go from here?

## Widening the scope

- Fully integrate ecosystem with Amazon.com, AWS, Amazon Video, Amazon Music to provide personalized content and recommendations
- Improve content moderation and quality to maintain integrity and identify harmful content
- Expand monetization opportunities for creators
- Enhance and search and discovery