

Goals

The Newspaper Association of America's Request for Information "seeks to gather information about the products and services available from qualified providers with expertise in helping local online publishers additionally monetize digital content, either through transactions (pay for content) and/or through collection of user data for enhanced advertising targeting or other 'access to content programs.'" This document identifies Google's capabilities in these areas, highlights our planned and existing tools, lays out our vision for what this ecosystem might look like, and hopefully opens the door to more detailed discussions with the NAA and individual publishers.

Vision Statement

Google believes that an open web benefits all users and publishers. However, "open" need not mean free. We believe that content on the Internet can thrive supported by multiple business models -- including content available only via subscription. While we believe that advertising will likely remain the main source of revenue for most news content, a paid model can serve as an important source of additional revenue. In addition, a successful paid content model can enhance advertising opportunities, rather than replace them.

When it comes to a paid content model, there are two main challenges. First, the content must offer value to users. Only content creators can address this. The second is to create a simple payment model that is painless for users. Google has experience not only with our e-commerce products; we have successfully built consumer products used by millions around the world. We can use this expertise to help create a successful e-commerce platform for publishers.

Beyond the mechanics of any payment system, users must know the product exists. Discovery and distribution are just as, if not more, important to premium content as they are to free content given the smaller audience of potential subscribers. Google is uniquely positioned to help publishers create a scalable e-commerce system via our Checkout product and also enable users to find this content via search -- even if it's behind a paywall. Our vision of a premium content ecosystem includes the following features:

- Single sign-on capability for users to access content and manage subscriptions
- Ability for publishers to combine subscriptions from different titles together for one price
- Ability for publishers to create multiple payment options and easily include/exclude content behind a paywall
- Multiple tiers of access to search including 1) snippets only with "subscription" label, 2) access to preview pages and 3) "first click free" access
- Advertising systems that offer highly relevant ads for users, such as interest-based advertising

Google already works with a number of premium content providers in a manner similar to the vision above. Combining our e-commerce system with our search capability and advertising platform will allow for even more flexibility for publishers and users alike.

Company Profile

Google's innovative search technologies connect millions of people around the world with information every day. Founded in 1998 by Stanford Ph.D. students Larry Page and Sergey Brin, Google today is a top web property in all major global markets. Google's advertising programs provide businesses of all sizes with measurable results, while enhancing the overall web experience for users. Google is headquartered in Silicon Valley with offices throughout the Americas, Europe and Asia. For more information, visit www.google.com. In 2008, Google had revenue of \$21.8 billion primarily through advertising.

Product Description and Capabilities

Paying for Digital Goods: Google Checkout

Description: Google Checkout is a fast, secure checkout process that allows consumers to buy from merchants and publishers quickly and easily with a single login at thousands of stores across the web. With Google Checkout, the consumer stores her payment information in a Google Account and secures it with a username and password. This dramatically reduces the time it takes for consumers to buy **digital and physical goods** with Checkout-enabled merchants and allows the consumer to keep her information in one secure location, rather than multiple accounts across the internet.

Checkout has an international footprint. Today, tens of millions of buyers in more than 140 countries and more than a half-million merchants in the U.S. and U.K. have signed up for Checkout. In total, billions of dollars in purchases have been made through the service. In addition, with our advanced fraud detection systems, Checkout merchants experience **fraud losses 7 times lower** than industry averages as reported by Cybersource.

Status: **Currently in production**

Key monetization methods for content:

Subscription billing - Through Checkout, merchants are able to set up recurring billing, i.e., subscriptions. For example, a publisher could charge users every month they maintain a subscription and cancel it any time when the subscription ends. This could be done for any buyer that has a Google Checkout account. This feature is available now through Google Checkout.

Google uses these same facilities in order to charge customers for Google Apps. Managing subscriptions from the merchant side is fairly rudimentary right now but could be improved to be more relevant for news and media companies.

Micropayments - While currently in the early planning stages, micropayments will be a payment vehicle available to both Google and non-Google properties within the next year. The idea is to allow viable payments of a penny to several dollars by aggregating purchases across merchants and over time. Google will mitigate the risk of non-payment by assigning credit limits based on past purchasing behavior and having credit card instruments on file for those with higher credit limits and using our proprietary risk engines to track abuse or fraud. Merchant integration will be **extremely simple**.

Key Checkout Features (Currently LIVE):

- [Merchant Center](#) - Web application that allows merchants to manage their orders, solve disputes, etc.
- [Merchant API](#) - XML integration for deeper integrations with Checkout
- [Buyer Center](#) - Web application that allows buyers to view their purchase history and manage purchases and their personal information
- **Credit Cards and Debit Cards** - We accept Visa, Mastercard, AMEX, Discover, and debit cards
- **Single Sign On** - Single place for user purchasing information across all Checkout sites
- **Buyer Currencies** - Support for most currencies for buyers
- **Seller Currencies** - Support for merchants in the U.K. and U.S. with more countries planned
- **Risk Engine** - Proprietary risk engine that detects fraudulent behavior
- **Support** - Google Checkout employs multiple support teams that support developers, monitor fraud and support buyers when problems with their purchases occur

Planned Roadmap:

- **Simplified Merchant Integration** - Dramatically increase the speed by which merchants integrate with Google Checkout. *Target early 2010*
- **Guest Checkout** - Allow users to buy goods with Checkout-enabled merchants without creating an account. *Target Q4 2009*
- **Stored Value** - Gift cards and maintaining a balance for buyers on Google Checkout. *Planned for future*
- **Micropayments** - Aggregation of small payments by buyers for purchasing digital content. *Planned for future*

Key statistics:

- Tens of millions of registered Checkout users
- Several hundred thousand registered merchants, high number of sellers selling digital goods
- \$ Billions of orders processed

Advertising:

In addition to revenue from any subscriptions, Google is able to provide a complete advertising solution through our DoubleClick ad-serving platform, our advertising networks, data feeds, and scalable infrastructure to deliver relevant ads to users. Our platform allows for ads to be sold directly by publishers, sold as part of the Google Content Network, or sold via multiple ad networks through our ad exchange. We believe the increased advertising opportunities will likely exceed total revenue from subscriptions. These products are all currently live and used by thousands of publishers today and include:

- AdSense for Content and Search:
 - Search - Our leading search technology provides growing opportunity to better monetize search queries.
 - Contextual - Our proven model of showing relevant advertising to users can increase the yield for the advertising for all page views.

- Display - Our platform can effectively deliver multiple ad formats including: video ads, gadget ads and all display formats.
 - Optimization - We can analyze current yield from news content and work with Google Analytics to improve on optimization for this content.
 - Interest-based advertising - In addition to allowing publishers to participate in our existing network, we can work with partners to allow them sell into IBA for their own efforts.
- AdExchange:
 - All partners can participate in our Advertising Exchange to offer inventory up to bidding from multiple ad networks to increase sell through.
 - We can analyze existing revenue for any partners to evaluate risk to current revenue from remnant ad sales.
 - Our tools and quality assurance team can help identify unwanted advertisers that can be blocked from running on your sites.
- Platform - A full suite of advertising products:
 - Dart for Publishers - Core ad serving platform that will allow Google to bring more value to publishers.
 - Ad Exchange - Increase sell through and manage your unsold inventory more effectively.
 - Rich Media and Video - Increase the design and distribution of your display inventory.

Search:

Google's mission is to organize the world's information and make it universally accessible and useful. This applies to all information -- paid and free. Google Search currently supports discovery of a variety of paid content, from books to scholarly material to newspaper archives to premium newspaper content such as that from the *Wall Street Journal* and the *Financial Times*. Google works with publishers to support discovery of premium content in a number of ways today:

- Publishers can provide a preview or landing page for Google to crawl, consistent with what end-users see. This is available to users of Google Search and News.
- Publishers can allow Google's crawlers full access to their premium content, but maintain a paywall or preview mode for users. This content is marked as "subscription" in Google News.
- Publishers can provide free access to the first full article via our "First Click Free" program, which treats premium content as "free" in Google News and Search, but requires payment once users navigate away from the first article.

Content Management & Syndication:

Google News currently crawls content from more than 25,000 sources worldwide. Increasingly, a large number of publishers contribute additional information about their content via Google News Sitemaps. Sitemaps use standard formats, which are well-defined by Google and other search engines. Future enhancements could allow for publishers to easily tag individual articles with different levels of access and/or pricing, as well as additional information about the content, such as identifying source material. In addition, Google News hosts content from several different news agencies in multiple languages. Similar hosting services can be provided to any interested publishers, complete with advertising solutions.

Syndication through affiliate networks may be another option for distribution and monetization of premium content. This mechanism has proven to be successful in the overall e-commerce system and may also be successful in the context of premium content. News publishers can decide to package their content (or a rich preview thereof) with appropriate branding and advertising units and encourage third parties (e.g., other newspapers) to host the syndicated content package, exposing it to a broader audience. Publishers would derive revenue from advertisements embedded in the syndicated package, as well as traffic from the embedded links back to the publisher. In the case of premium content, the syndicated content would only contain a free preview, and would embed monetization units for micropayment and subscription. In addition to providing e-commerce and advertising platforms to support publishers' content, Google can provide the technology for convenient syndication and embedded hosting of the content-monetization components on third party sites.

Specific NAA Questions:

The NAA's RFI asked us to address a number of questions about our technical capabilities in specific areas. Below, we respond to each of the questions:

- **NAA Question:** Accept or retrieve content from participating newspapers/media companies
 - **Google:** Yes, via crawl, [news sitemaps](#) or hosting of content.

- **NAA Question:** Ability to manage single sign-on that allows consumers to navigate across participating media company Web sites
 - **Google:** Yes, via Google's [integrated account access](#)

- **NAA Question:** Process content in industry standard formats for news (NITF, NewsML2)
 - **Google:** Any hosted content can be delivered via NewsML or similar formats. Non-hosted content can be delivered via [sitemaps](#) or other methods.

- **NAA Question:** Track proper source of original content
 - **Google:** Publishers can identify sources via [sitemaps](#).

- **NAA Question:** Manage and protect intellectual property rights of content
 - **Google:** Google has mechanisms in place that enable rights holders to report copyright violations and for Google to respond quickly to any such DMCA notices.

- **NAA Question:** Provide effective and efficient browser based user interface
 - **Google:** Yes.

- **NAA Question:** Provide appropriate database technology for content management
 - **Google:** Yes, detailed information and meta data about content can be accessed via Google News.

- **NAA Question:** Manage a variety of transactional capabilities (e.g. micropayments, subscriptions, etc.) based on a range of criteria (e.g. existing subscriber or member, number of pages viewed or stories accessed previously, etc.)
 - **Google:** Yes, via [Google Checkout](#).

- **NAA Question:** Communicate with banks using standard formats (please include capabilities to accept credit card information, process transactions, reconcile payments, etc.)
 - **Google:** Yes, via [Google Checkout](#).

- **NAA Question:** Provide PCI compliant customer information protection
 - **Google:** Yes, via [Google Checkout](#).

- **NAA Question:** Provide an information barter environment with appropriate privacy and other protections (i.e. access to content in exchange for more detailed user info)
 - **Google:** Yes, but we would only offer such solutions provided [full privacy controls](#) are in place and available to all users. Google takes privacy seriously in all our products and businesses.

- **NAA Question:** Provide simple customer registration/logon process
 - **Google:** Yes, via Google's [integrated account access](#) and [Checkout](#).

- **NAA Question:** Tie a customer and their information to a particular newspaper (e.g., their home paper)
 - **Google:** Yes, user preferences can be stored via a single sign-on system. Several Google properties already offer this feature with [full privacy controls](#) that are easily accessible to all users.

- **NAA Question:** Provide references to relevant content from participating newspapers
 - **Google:** Yes, via the [Google News API](#) and [Google Elements](#).

- **NAA Question:** Provide design with advertising positions
 - **Google:** Yes, for all hosted content.

- **NAA Question:** Include AdsML based e-commerce
 - **Google:** Yes, via [Google Content Network](#).

Potential Solutions

Google's best thinking about a model that works for both users and publishers includes:

- **Easy Subscription Sign-up and Management for Users Plus Content Packaging and Multiple Payment Forms for Publishers**
 - Single sign-on capability so users can use one login for access to premium content and a central place to manage subscriptions and payments.
 - We envision the typical scenario to be where a user pays a monthly fee for access to a wide-ranging package of premium content. One example of a "package" might be full access to the WSJ; another "package" might include the top 10 business publications. Google believes that there is real power and benefit to publishers in providing these sorts of broad, multi-publication access passes.
 - For multi-publication packages, publishers will receive a revenue disbursement that is proportional to the usage of their content in the package.
 - While providing an option for micropayments will be important, we do not believe it will be the norm for accessing content. Example 1: A user has access to the "basic" premium content package. She hears about the latest Sarah Palin article in *Vanity Fair*, which is not part of her package. She can make a one-off payment of \$0.10 to read that article, which will show up on her bill as part of the monthly payment. Example 2: A user sets aside an amount each month for micropayments similar to the EZ-Pass model and is charged each time that pool is emptied.

- **Discoverability of All Content with Various Access Models**
 - Any successful premium model will likely include some combination of free content. There will be some set of news content that is inappropriate for putting behind a pay wall. For example, basic reporting on the news of the moment that is covered by multiple sources. Users are unlikely to pay for access to this type of content, given that it is highly likely to be available somewhere online for free. The type of content most suitable for a premium/pay subscription service will likely include deeply researched pieces, exclusive interviews, opinion pieces, enterprise journalism, and more.
 - It is critical that all content be indexed and accessible via search engines -- both free content as well as any content behind the pay wall. If users cannot find this content via search, it will ultimately get far less viewership/readership. There are a number of ways to ensure discoverability:
 - Search engines should know what content a user has access to, and assuming the user has access rights, the full content should be available and exposed within 1 click from the search results page.
 - Assuming a user does not have an existing subscription, users should have access to a preview of the content (enough to determine that this is the article they are seeking), and will be notified on the search results page that this content is available only by subscription or a 1-time payment of \$X.XX. Premium/paid content could be included in the default list of search results, or presented in a separate paid-only area.
 - Publishers should also be able to take advantage of "first-click-free" viewership in order to be exposed in the standard manner in web search results. This would allow users free access to a single piece of premium content before requiring a payment. It is an open question how and whether to allow for a system that caps access given the risk of "cloaking" content.

- **Increased Advertising Revenues**
 - A premium content model should not be viewed as either a replacement or even a separate supplement to advertising revenue. Instead, we believe that a

successful premium model needs to enhance advertising opportunities. We believe this is possible, including through some existing Google advertising platforms:

- Relevant ads across the Google Content Network via our interest-based advertising feature.
 - Enhanced ads serving across premium sites, i.e., a Premium Content Network
 - Advertising based on voluntary data from individual registration information on individual sites.
 - All of the systems above should have transparent and easy-to-use privacy controls for users.
- **Broad Distribution of Content via Syndication Controlled by Publishers**
 - To extend the reach of any content -- free or paid -- publishers should also have options to easily package their content for display by third party sites (e.g., other newspapers). Publishers would be able to take advantage of this broader audience via advertisements embedded with their content, micropayment options for the syndicated content, and traffic back to the publisher.

Business Model

Software and support services are typically provided at no charge. Google will be happy to host content and supply the bandwidth necessary to serve content. There may be a charge for additional professional services, depending on the extent of the support necessary and the volume of views anticipated. Current models on revenue sharing for the selling of content typically involve a percentage of each sale to Google in order to cover maintenance, bandwidth, processing charges, and profit margin. The Android Marketplace is the most prominent example of this model. The revenue split is comparable to Apple's models on iTunes and AppStore and consonant with experiments being currently conducted on YouTube.