Google Inc. (“Google”) is pleased to submit these comments in response to the above-mentioned Broadcasting Notice of Consultation (“Notice”).

Google’s mission is to organize the world's information and make it universally accessible and useful. As a global technology leader, Google’s innovations in web search and advertising have made its website a top internet property and its brand one of the most recognized in the world. Google Canada has offices in Waterloo, Toronto, Montreal, and Ottawa with over 400 ‘Canooglers’ working on teams across Engineering, Sales, Marketing, PR, Policy, and HR. Engineers at Google Canada work on many of company’s core products including Chrome, Safe Browsing, and Gmail; while the Sales Teams assist Canadian businesses with their digital advertising strategies.

In the Notice, the Commission observed that the way Canadians access and consumer media is changing. “Over the past decade, each generation of technological innovation has made watching programming more individual and customizable. … The increased availability of online and on-demand content has an impact on viewers’ expectations … [with] many Canadians calling for more control over the content they receive” (paras. 26, 28).

In light of these changes, the Commission requested “information regarding trends and future developments in television” and called for comment on specific issues (para. 8). The Commission also invited comments on “other issues and concerns”, provided they were within the Commission’s jurisdiction and discussed in the context of the policy objectives set out in the Broadcasting Act (para. 137).

LYA Report

In response to the Commission’s more general request for information on trends and developments, Netflix Inc. (“Netflix”) and Google commissioned Lemay-Yates Associates Inc. to produce an independent, third party analysis of the evolution of television in Canada. The resulting report is entitled “The Evolution of TV and New Media in Canada” (the “LYA Report”) and is enclosed for the
Commission’s consideration. Netflix is filing a copy of the same report with its written submission to the CRTC in this proceeding.

6. The LYA Report focuses on both the evolution of Canadian TV and new media in the context of technological changes and the development and usage of technologies by Canadian consumers. The LYA Report also includes a review of the evolution of the regulatory framework as it pertains to “New Media” and touches on the current financing framework for the development of Canadian television content.

7. The LYA Report generally concludes that the Commission “got it right” in not regulating new media activities over the years and that this approach has fulfilled the objectives of the Canadian Broadcasting Act. Extending the current framework to new media would likely have negative impact on innovation in online content in Canada, potentially stifling the emerging activities of various organizations and initiatives, whether they are active in media now or not.” As well, Canadian content is thriving online.

8. More specifically, after extensive analysis the LYA Report concludes that:
   ○ Significant technological innovations yield an environment that is not simply an evolution along the continuum of conventional broadcasting technologies but in fact constitutes a major shift. This is reflected in the increasing on-demand consumption habits of a growing number of consumers on mobile and fixed technology platforms;
   ○ Many new players, including individuals, can and do, now participate in the creation of video content. Thus, innovation and opportunities in video content are increasing and no longer driven solely by broadcasters and television or film producers;
   ○ Although so-called “over-the-top” (OTT) audiovisual services have drawn regulatory attention, they are not alone in delivering the type of online video content once provided exclusively by broadcasters — increasingly newspapers, magazines and other information services include substantial video content in their apps and online services, some also currently competing directly for advertising revenues;
   ○ Broadcasters, from conventional channels to specialties, as well as television producers can benefit from the significant opportunities and tools to enhance their linear TV content to increase its appeal to viewers and build stronger ties with their audiences. For example, apps for viewing on the go and companions apps are significant tools for conventional and specialty broadcasters to enhance the attractiveness of their services;
   ○ Digital technologies have lowered the barriers to entry to distribute content on a global basis and thus enhanced worldwide access for small independent producers. Content developers increasingly focus on developing content for multiple platforms leading to more revenue streams domestically and in international markets;
   ○ In today’s technological and highly competitive environment, a reliance on commercial market forces appears to be the best way to support the future success of Canadian television content and of Canadian broadcasting.
9. This is consistent with our experience at our subsidiary, YouTube. YouTube is the world’s most popular online video community allowing more than a billion people to discover, watch and share originally created videos. YouTube provides a forum for people to connect, inform and inspire others across the globe and acts as a distribution platform for original content creators and advertisers large and small.

10. Globally, YouTube has become a powerful platform for creators and fans alike. Over a billion viewers watch 6 billion hours of video every month. YouTube is available on hundreds of millions of devices and mobile has now represents almost 40% of YouTube's total watchtime. It has grown at a tremendous pace, and now 100 hrs of video are uploaded to YouTube every minute.

11. YouTube is increasingly driving revenue to the creator community, both emerging and established. There are now more than one million channels earning revenue through the YouTube Partner Program. Thousands of channels are making six figures annually, partner revenue across YouTube increased by 60% over the past year and partner revenue from mobile ad sales has tripled. Our highest subscribed channel, PewDiePie, belongs to a Swedish gamer who, according to a recent Wall Street Journal article, earns “the equivalent of $4 million in ad sales a year”.

12. Canadian creators are playing an active role in this growth. Every year, millions of hours of new Canadian content is uploaded to YouTube. Put another way, each month Canadians upload more content to YouTube than all of Canada’s major national television networks broadcast in 10 years. This is more content than any viewer could comfortably watch in a lifetime.

13. Further, Canadian creators are extraordinarily successful at leveraging the global nature of the YouTube platform to reach international audiences. The vast majority of views of Canadian-uploaded content is from other countries and Canadian creators are among the top exporters on the platform. Canadian content accounts for a disproportionately high amount amount of global watchtime on YouTube, reflecting the tremendous success of Canadian creators abroad.

14. The range of Canadian content produced for the platform is extremely diverse and varied, and includes Canadian-produced documentaries, animated films, humorous and musical pieces, lifestyle and political programming, all available in a multiplicity of languages. According to a recent industry profile released by the Independent Webseries Creators of Canada, YouTube is the leading platform for Canadian web series “by a wide margin”, with “some 94% of web series creators report[ing] that they distribute content through YouTube.”

15. Not only does YouTube’s free mode of delivery dramatically reduce the cost of getting content to international audiences, radically lowering the barrier to entry for independent content creators and essentially eliminating conventional gatekeepers, it provides Canadian creators with effective tools to monetize their creative efforts. Through the YouTube Partner Program, creators can enable their channels for monetization and earn revenue from ads on YouTube. Video ads now form a significant part of our YouTube and brand advertising, and they're growing north of 75% year-over-year.

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1 “YouTube’s Biggest Draw Plays Games, Earns $4 Million a Year”, Wall Street Journal, dated June 16, 2014 (http://online.wsj.com/articles/youtube-star-plays-videogames-earns-4-million-a-year-1402939896)

Thousands of advertisers are now using TrueView ads and 75% of our in-stream ads are now skippable, enhancing the viewer’s experience.

16. YouTube Partners and verified channels also have access to advanced product features such as website and merch annotations which allow creators to embed links to external sites within their videos. This enables creators to give their audiences easy mechanisms to provide financial support directly and to diversify their revenue streams. YouTube will also be introducing Fan Funding, a new feature that lets viewers contribute money directly to a YouTube creators’ channel at any time, adding to the many ways creators can grow their business on the platform.

17. YouTube is a strong supporter of accessibility and makes a variety of tools available to enable creators to add subtitles and closed captions to their content. In fact, when videos are captioned, there is a noticeable increase in views, primarily because a) subtitles and captioning open the video up to a broader audience (e.g. people who are deaf or hard of hearing) and b) subtitles and closed captions are used in YouTube search, making the video more discoverable. We even employ advanced speech recognition technology to automatically make captions available in certain languages, and are introducing new features to allow fans to submit translations in any language.

18. YouTube is committed to the success of its creators. YouTube has opened spaces focused on making resources available designed to help creators make great content. This includes the Creator Playbook, a comprehensive guide to building and sustaining an audience on YouTube. YouTube Spaces provide online video creators dedicated space for production, education and collaboration. In 2013, YouTube Spaces welcomed 21,000 people around the world who attended 150 workshops, and participated in nearly 1,500 collaborations. Overall, 2,500 videos were created, generating more than 250 million views and more than 20 million hours of watch time (or the equivalent of more than 2,200 years).

19. Canadian content is performing extraordinarily well on YouTube. Canadian creators are building global audiences and earning revenue from uploading their videos to the platform, resulting in a flow of funds directly to artists, enabling them to create even more Canadian content. Artists are able to reach their audiences and be compensated, without having to work through studios, marketing companies, broadcasters or distribution undertakings. Compelling Canadian content succeeds online – without subsidy or quota or other forms of regulatory intervention.

Conclusion

20. Accordingly, between the conclusions of the LYA Report and the more specific experience of YouTube, it is clear that the policy objectives set out in the Broadcasting Act and articulated by the Commission in the Notice are being achieved without regulation, through the evolution of the marketplace enabled by the changing technological environment. OTT and other online services foster choice and flexibility and affordable access to both Canadian and non-Canadian programming. They encourage the creation of compelling and diverse Canadian content by providing access to global markets and niche audiences while radically lowering barriers to entry. They also further policy objectives by fostering competition with and among conventional broadcasting services (many of which now have their own OTT offerings), and consumer choice, creating market-based incentives to drive established companies in a highly concentrated market to offer competitive services.

3 Available at [http://www.youtube.com/yt/playbook/](http://www.youtube.com/yt/playbook/).
21. Google appreciates the opportunity to submit comments in this important proceeding.

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