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Chairperson: Chief Economist and Acting Deputy Commissioner:
Competition Commission: Mr. James Hodge

PANEL MEMBER:

Ms. Paula Fray

Day 15:

Google YouTube

Google AdTech

START OF PROCEEDINGS ON 26 MARCH 2024

CHAIRPERSON: Good evening South African time or late afternoon. It's day 15 of the Media and Digital Platforms Market Inquiry Public Hearings and today we start with YouTube for the next two hours, then we take a 30-minute break, and then we are joined by Google AdTech. So I do want to welcome the YouTube team who are all online. We've got Brandon Veldman, who's the Director of News and Civic Partnerships for YouTube. We've got Abongile Mashele, the Head of Government Affairs and Public
10 Policy for South Africa. We have Dominique Costesec, the Senior Competition Counsel, and Agnieszka Moldach, the Competition Legal Specialist. So welcome, everyone, from YouTube. So I think some of you certainly were here before, so I think you know the nature of the game, that we'll get a presentation from you. I believe, Dominique, you've got that and will control that. And then after that, the panel will have questions. So you're welcome to start, Dominique.

MS. DOMINIQUE COSTESEEC – YOUTUBE: Okay, can you see my screen? Does this show up?

CHAIRPERSON: Yes, it does. Thank you.

20 MS. DOMINIQUE COSTESEEC – YOUTUBE: Okay, great. I'll pass the floor to Brandon and thank you for having us today.

MR. BRANDON FELDMAN – YOUTUBE: Thank you, Dominique. And as Dominique said, thank you for inviting us to speak with you today. I'm Brandon Feldman and I lead YouTube's global partnerships team focused on news and civic engagement. And as part of this work, I oversee the

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teams that are collaborating with news organisations around the world to reach audiences and build businesses through digital video. I'd like to begin by walking through some materials, which we've prepared based on the list of topics shared by the Commission. We'll review these topics in detail before opening it up to discussion. So next slide. To begin, YouTube's an open, global, multi-format, online video sharing platform of predominantly user-generated content. We're a free-to-use platform with little to no barrier to entry where anyone can participate, everyone belongs, and traditional barriers are bypassed. Our inherent openness has allowed

10 a diverse range of artists and creators to have a voice, tell their stories, and reach a global audience. The platform now has 2 billion global monthly users and 500 hours of video uploaded every minute. And while YouTube is deeply committed to serving its users and creators that make a diverse range of quality content, including timely news and credible journalistic content, news itself only accounts for a small fraction of the content uploaded to our platform, with less than 4% of the total watch time in South Africa spent on news channels in the year of 2022. We know we can continue to deliver on our commitments to users in South Africa and around the world because we're already hearing, for example, that in

20 South Africa, users can rely on YouTube to consume a diverse array of content. According to a Kantar survey, 94% of YouTube viewers in South Africa agree that YouTube hosts diverse content, and 89% of viewers in South Africa agree that YouTube has unique content that they cannot find elsewhere. So I'd like to spend a minute discussing more on how YouTube operates. As I mentioned at the top, we're an open, global, multi-format

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online video sharing platform where creators, both amateur and professional, can thrive. Unlike the open web, YouTube doesn't crawl the internet. Instead, we're a volitional platform, meaning that all content hosted on YouTube is there because creators have chosen to upload it. So in the case of our news partners, this means that they all have decided that YouTube provides a meaningful home for their reporting and journalism, and they've decided to participate on the platform. We offer an industry-leading revenue sharing program, one where all creators are eligible for monetisation, and what's more, YouTube offers eligible creators

10 a range of opportunities to monetise their content. As we look to expand on the numerous ways that creators can monetise, we continue to prioritise responsibility, actively reducing and removing harmful misinformation while simultaneously raising authoritative sources for news and information. So I'd actually like to go a bit deeper on how we go about upholding our top priority, responsibility, as I was just mentioning, with what we refer to as our four Rs of Responsibility. First, we remove content that violates our community guidelines through human review and machine learning and share our progress through our transparency report. Second,

20 we raise up authoritative voices to provide users with trustworthy and reliable sources on topics such as news, politics, medical, and scientific information. Third, we reduce borderline content that brushes up against our policies with improved recommendations to prevent the spread of misinformation. This, of course, is more significant than ever, in part because 2024 is a historic election year, with more than two billion voters set to go to the polls around the world. YouTube's committed to remaining

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a place for reputable coverage of national events like elections or providing access to timely information during global emergencies like the COVID-19 pandemic. And lastly, our commitment to diverse quality content is reinforced by our commitment to ensuring our platform remains a safe and trusted space for creators, users, and advertisers. In Q4 of last year, October through December of 2023, 96% of the 9 million videos removed from YouTube for violating our community guidelines were first identified by our systems. Of those 9 million videos detected by machines, 51% never received a single view. And as the heart of the creator economy,

10 finally, we reward creators who meet our even higher standards with monetisation through our YouTube Partner Program. We'll talk about each of these in more depth in the following slides. News plays an important role in the four R's that I just walked through. We believe that when quality journalism thrives, society benefits. That's why we partner with the news industry to support a thriving journalism ecosystem through our products, programs, and people. With the growth and scale of information online, we recognise that delivering quality journalism and content to users has never been more critical. That's why we're committed to ensuring that YouTube remains a high quality experience for our users looking to consume news

20 content, as well as a valued platform for creators and news publishers who are uploading their stories and reporting on YouTube. Our commitment to partnering with the news industry is for the long term, focused on supporting a sustainable future for news and a quality news experience on the platform. We're doing this across three pillars, accelerating digital capabilities and monetisation opportunities, elevating authoritative news

sources for our viewers, and informing viewers with additional context. I'll walk through each of these in more detail. The first pillar is accelerating digital capabilities and monetisation opportunities to help journalism thrive. I'll cover this one now. We're committed to supporting our partners in South Africa and around the world to grow on YouTube through programs aimed at building their digital capabilities. We move to the next slide, expanding their monetisation opportunities, growing audiences, engaging them in training and skill-building engagements, and accelerating their businesses. This work includes the three items that you'll see here. The first is revenue sharing with our news creators to ensure that they reap the rewards for their journalism that resonates with audiences. We'll go deeper on this one in particular. The second is trainings and industry engagement, where we regularly bring together news organisations and experts from around the world with our YouTube teams to share best practices, learnings, and feedback. And the third is accelerator programs, where we bring together journalists and newsrooms to build their digital capabilities and grow their video presence. So, to go deeper, as I said, on revenue sharing in particular, this is one area especially that makes YouTube distinct. We have a program that we call the YouTube Partner Program, or YPP for short, that gives creators greater access to YouTube resources, and importantly, monetisation features, so that they can generate revenue from their content. We want as many creators qualifying for the YouTube Partner Program as possible, and that's why we recently expanded YPP to make the program more accessible to more creators. As such, the threshold is 500 subscribers, three valid public uploads, and either 3,000 valid public

watch hours or 3 million valid public shorts views. And creators who then reach 1,000 subscribers and either 4,000 watch hours or 10 million public shorts views qualify for additional benefits that we can talk through further. We also provide access to copyright management tools to help publishers protect, control, and gain insights from the reuse of their content. There are so many formats available to make content on YouTube in an ever-evolving world of digital video, such as shorts, live streaming, and long form video, and we want to make sure that creators can get rewarded for making all of those formats. That includes advertising revenue, where

10 creators can earn revenue from watch page ads and shorts feed ads, YouTube premium revenue, where creators receive part of a YouTube premium subscriber's subscription fee when they watch their content, channel memberships, where members make recurring monthly payments in exchange for special perks that their favourite YouTube channel offers, and we also offer alternative monetisation opportunities, including our Super Chat and Super Stickers, where fans pay to get their messages or animated images highlighted in chat streams, or Super Thanks, where fans can pay to get their message highlighted in a video's comment section. These are some of the ways in which we support monetisation today, but

20 we're always investing in and testing new ways for creators of all types to generate revenue from their content. So that's an overview of how we approach monetisation. What I'd now like to move on to is another area of a lot of value for publishers, which is how we provide audience insights through YouTube analytics. We offer creators rich data on the performance of their content through YouTube analytics. Through this tool, creators can

experiment and understand what's working on YouTube with their audience. When entering YouTube analytics, you'll see this interface here. Creators can view key performance metrics, including impressions, click-through rate, views, traffic sources, and watch time. Creators can then go deeper. Our analytics, which we make available to creators at no cost, provides detailed, up-to-date analytics on reach, engagement, audience, and revenue, including metrics like video level revenue per mil, or revenue per thousand views, and CPM, or cost per thousand views. We then allow much deeper cuts of analytics data as well. This is an overview of what we

10 call advanced mode, where users of these tools, which again, as I said, are available widely to all of our partners, can obtain deeper insights. For example, comparing multiple metrics against one another, using groups or specific filters. We encourage our partners, including news organisations, to use these types of cuts to pull more actionable insights on, for example, the performance of a particular set of videos or a series of content. A good example of using this could be creating groups for those series or videos to understand click-through rates or CTR, impressions, what's driving more viewership or more recommendation of that content across YouTube, and that can help refine how that channel approaches creating content for

20 YouTube and for the web at large. We move to the next slide. Audience insights are one of the newer tools, actually, that we have added to help make understanding video and channel performance easier for creators. Here are some examples of what these audience insights entail. They include things like other channels that an audience watches. Here, creators can see other creators and channels their viewers are watching

and engaging with. These are reported by the number of viewers who watch both channels regularly. Or other videos that channel has watched, showing creator videos from other channels that audience has watched recently. Or videos that people are looking for, where we'll display top searches related to that channel where the content has been maybe unsatisfying or outdated or unavailable to help inform the types of content that creator may want to consider in the future. All three of these help provide an insight on what viewers are interested in and can help a creator decide on new formats, new topics to cover, or performance trends on their

10 channel. So that's a summary of our work to support monetisation and audience insights. Moving on to the second area of elevating authoritative news. We demonstrate our commitment to providing users with quality content through our work to elevate authoritative news sources. We, of course, understand that raising authoritative content is important for users, which is why we've built dedicated news placements across YouTube to ensure users can find high quality content that is relevant to them. Users can find information on top stories from our breaking news shelf. You'll see an example of that here on the slide. They can also find reliable content when they search for timely news topics in the top news shelf. You'll see

20 this on the right. After they watch these videos, our recommendation system surfaces related videos that may be of interest on the watch page. We believe that these features are not only helping users find authoritative content, but also helping new publishers reach new audiences. Some additional examples of this are on the following slide. For example, Top News on Home. This is a feature where if a viewer is often watching or

searching for news on YouTube, a top news shelf may show up on their YouTube homepage. The top news shelf includes content related to the top news stories of the day in the market where that viewer is watching content. And finally, recommendations across YouTube. If a viewer is watching content regarding news, we elevate authoritative sources in our recommendations across the platform. So moving on to our final category in this area, our work to inform viewers with additional context. Context is, of course, always important when assessing information and is another part of our fight against misinformation. Our information panels help users

10 provide more context from credible sources. In South Africa in particular, we make available general reference articles, which appear alongside search results and videos on certain topics that may be prone to misinformation. You'll see an example of this here. And more broadly, if we move to the next slide, South Africa has been an important market in our effort to combat misinformation globally and was part of our early launch of news features that I just touched upon. Many of these actually launched all the way back to 2018. And this graphic outlines some of the notable launches that we have prioritised since we've embarked on this effort wholeheartedly over the last seven years. Every day, our teams continue

20 to test and launch products to improve our ability to mitigate the threat of misinformation. I'd also like to highlight two topics that we know the commission is interested in, which are our commitments to responsible AI and combating deepfakes, especially in the time of elections. And so we'll start with AI and then move on to elections. So firstly, on AI, we believe, as YouTube, that AI should empower human creativity and not replace it. But

we recognise these emerging technologies are not without risk, which is why since 2018, we've been guided by a set of AI principles which govern the types of applications we will and will not develop and deploy. It is worth highlighting that all of our community guidelines apply equally to all content, irrespective of whether it was created with AI or not. And just last week, we announced a new tool on YouTube in what we call Creator Studio, the main interface for YouTube creators, requiring that creators disclose to viewers when realistic content, so content a viewer could easily mistake for a real person, place, scene, or event, is made with altered or synthetic media, including generative AI. So alongside this tool and disclosure policy, we also launched new video description and video player labelling. You'll see that here on this graphic on the right, that serves to enhance user transparency when content is altered or synthetic. So as I said before, if we move to the next slide, 2024 is a historic election year with billions of people headed to the polls, including here in South Africa in the coming weeks. And we have policies specifically created for elections and other civic related content. You can think of these as falling into three primary buckets, in addition to the many policies more broadly that are in place to prevent and prohibit misleading or deceptive content from proliferating on the platform. Some of the particular policy areas that are most relevant for elections include content aiming to mislead voters about the time, place, means, or eligibility requirements for voting, or false claims that could materially discourage voting. Content that threatens election workers, candidates, or voters. Manipulated content that misrepresents statements or actions by a candidate. Content that threatens violence or

hate towards a candidate or group. Content that advances false claims related to the eligibility requirements for political candidates and sitting elected government officials to serve in office. Content encouraging others to interfere with democratic processes, including obstructing or interrupting voting procedures. And finally, content advancing false claims that widespread fraud, errors, or glitches occurred in certain past elections. Or content that claims that the certified results of those elections were false. Our work on elections also applies to advertising. In addition to all the policies that we just discussed, we have policies around the types of
10 advertisements that may run on the platform. And you'll see this outlined on this slide. In addition to that, we also publish a transparency report on political advertising that runs on our platform. These are all available in South Africa. So in closing, I come back to these pillars and YouTube's commitment to partnering with the news industry for the long term to support a sustainable future for news and quality news experience on YouTube. We hope that this presentation helps reaffirm that commitment and the respect that we have for our partnership with South African news organisations. Thank you for the invitation and the opportunity to address your questions today. And looking forward to the dialogue now and
20 continuing to expand upon our partnership with publishers and creators across South Africa.

CHAIRPERSON: Thank you very much, Brandon. Paula.

MS. PAULA FRAY: Thank you very much, Brandon. Lots there to digest. I wanted to start off by talking about the value of news on YouTube. So the Reuters survey found that 46% of South Africans went to YouTube for

news. Would you agree with that? Just generally from the Reuters research. Brandon, are you familiar with the Reuters research?

MR. BRANDON FELDMAN – YOUTUBE: Yes, thank you for the question. I am familiar with some of the research. And while I may not be familiar with the particular stat that you're referencing, YouTube is a destination for many types of content, including news. Of course, the definition of news can be quite broad, depending on the nature of the question being asked and how a viewer themselves defines news. But recognised news is one of the use cases on our platform.

10 MS. PAULA FRAY: I mean, I don't think that we're at odds here, because in your presentation, you did in fact illustrate that news is quite important to YouTube. I think the question really is that for South Africans, YouTube is also important for the news. In fact, the Reuters research shows that it's gone up, people who consume news on YouTube in South Africa has gone up actually 7% from the previous years. Do you have a sense of what the profile of your news consumer is because Reuters seemed to suggest it was a much younger audience that were looking for video-led sources. Is that your understanding as well? So who consumes news on YouTube.

20 MR. BRANDON FELDMAN – YOUTUBE: Yes, so YouTube, of course, very global, very broad reaching, meaning audiences of all ages and demographics come to our platform. We do find, to your point, that particularly from the publisher's perspective, YouTube can enable them to reach audiences that may be younger relative to who is coming to their own properties. And on a relative basis, that may mean that audiences that consume video when it comes to getting their news are going to be

younger. The way in which they consume on our platform may be distinct. And that general trend towards YouTube and other platforms helping publishers reach younger audiences is an important one.

MS. PAULA FRAY: And what's interesting about the Reuters research is that in South Africa's market, YouTube is a lot more pronounced for news. In the UK, for instance, it's only 10%. In the US, it's about 24%. And so certainly it appears to be much higher in developing countries that young populations particularly are actually looking to YouTube for news. Do you have any research on that? Can you give us a greater sense in terms of
10 how young people are consuming news on your platform?

MR. BRANDON FELDMAN – YOUTUBE: Yes, so the consumption habits actually on YouTube reflect how we see the evolution of news consumption more broadly, which is that increasingly viewers are coming online to consume news. They're looking for more diverse formats of news, including video, alongside other formats. And they're looking for content that may be more relatable, that might be in one of more accessible formats, think short form kind of transitioning from paying for a classic cable subscription to seeking content that is more freely available. They may be watching content on a connected TV, as an example, and they may
20 be looking for online sources for linear streaming on their living room device. And so all of those trends we see reflected in many markets, including South Africa, as users have changed their news diet. And that's where we're committed to working with publishers to help them evolve with those changing consumption habits.

MS. PAULA FRAY: Do you have South Africa-specific research? Could you give us specific numbers in terms of your audiences and how they consume news in South Africa?

MR. BRANDON FELDMAN – YOUTUBE: So I don't have South Africa specific metrics. We actually collaborate closely with some of our partners, including the Reuters Institute. You might be familiar, Google supports that work. So we rely on much of that data to inform our work and how we support publishers in adapting to those trends.

10 MS. PAULA FRAY: I mean, is YouTube free access? YouTube is free access for South Africans in certain, zero rated in certain cases? Free access? I mean, when we look at YouTube's free access, it serves a younger audience in much more dramatic ways. I wanted specifically, though, to ask what percentage of news and content in South Africa is actually in the vernacular. Does this give you an edge?

MR. BRANDON FELDMAN – YOUTUBE: That's not one that I'm familiar with in particular. We can follow up separately with more information, but I don't have that data readily available.

20 MS. DOMINIQUE COSTESEC – YOUTUBE: It's not data I've seen before, but we can certainly check, Paula, and we'll get back to you if we have anything on that.

MS. PAULA FRAY: Thank you so much, that would be really good. I think it would be useful. It's also interesting that mainstream news is still a prominent source for news rather than celebrities or personalities. So, well, news is about 42%, personalities are about 45%, but not just kind of politics, but also business and finance is consumed on YouTube, so quite

a variety. But, I mean, YouTube has, in fact, recognised that news is important, in case, as you illustrated during your presentation, the NewsMark page, the Breaking Bage, Top News Search. Could you perhaps expand a little bit on the consumption patterns around your breaking news page in South Africa?

MR. BRANDON FELDMAN – YOUTUBE: Yes. So the features that you're referencing are ones that are triggered or appear to users in the moments where news content is relevant to them. That means that they do not always appear for every user in any market, including in South Africa. The
10 breaking news feature, as one example, only is displayed on the YouTube homepage if there's a major story of national importance, that based on our data and understanding of users in the market, we believe is relevant for them. Similarly, within YouTube search, the news section or the top news shelf, as we call it, is displayed when users are consuming or are seeking out information about news, and we think that them consuming content from an authoritative source is important. And so those are examples of features where when that user is coming to our platform, seeking out news, we're displaying it to them. That consumption time in total represents just less than 4% of total watch time on YouTube in South
20 Africa.

MS. PAULA FRAY: Brandon, you said in your presentation that you elevate authoritative voices. How are those identified? Are they registered media entities? How do you identify them?

MR. BRANDON FELDMAN – YOUTUBE: Yes. So our systems use several signals to determine if a video and a channel is focused on producing

coverage of recent and relevant news events. We also rely on external raters, and those raters help us evaluate, train, and then ultimately improve on how we go about identifying and elevating authoritative sources. That's all information that we've also provided in the RFI in terms of more detail on how we go about identifying authoritative news sources and ultimately all of those signals help us determine whether a source is one we would elevate across our platform.

MS. PAULA FRAY: And those external readers are based in South Africa?

MR. BRANDON FELDMAN – YOUTUBE: They're based around the world,
10 and those raters rely on a publicly available set of search rater guidelines. It's a very large repository of information that we make available publicly that they use to assess the quality of content, and that information is then used as input for our systems.

MS. PAULA FRAY: Thanks, Brandon.

CHAIRPERSON: So, Brandon, I just wanted to pick up on your news features because I think you said you started investing probably 2018 in a lot of news products. And it seems there's maybe a few ways people come to YouTube to consume that we understand just from looking at your material. I mean, the one, as you put it, on your navigating YouTube news
20 and information is there are times when you come to YouTube to catch up on the latest news. So, as I would understand, consumers who are looking for some news are coming to YouTube to do that catch up, and we have heard about the decline in appointment television, and you mentioned that, the changing habits. So, do you see part of your value proposition as offering them that catch up opportunity?

MR. BRANDON FELDMAN – YOUTUBE: Yes, we see users come to YouTube for different parts of their news consumption diet. We don't see YouTube, to be clear, as a replacement for any singular news source or destination. In fact, we see it as supplemental. Many users on our platform get their news and information from many different places, and YouTube is part of that broader consumption habit. For some users, they may come to YouTube to catch up on the news. For others, they may use YouTube to go deeper on the news. To give you two examples of that, catching up may mean, I'm just getting up to speed on what I should know today because I
10 haven't otherwise gotten familiar with the news of the day. But we also see many users come to YouTube because they hear about a topic, say, in the newspaper or on traditional television, and maybe the reporter mentions a term that they're not familiar with. Inflation is the topic being discussed. They don't quite know what inflation is, so they come to YouTube to go deeper, to understand that topic and help them to wrap their arms around what the topic is, maybe from a traditional news source, but also perhaps from a newer news source that might be relatable to them, that speaks in their language.

CHAIRPERSON: Yeah, and I think that's consistent with, I suppose, the
20 research that says people are going there not just for the sound of politics, it's business, it's finance, it's health, it's a whole range of aspects that consumers are looking to get almost educated in coming to YouTube. MR.

BRANDON FELDMAN – YOUTUBE: That's right. The diversity of topics is quite remarkable on YouTube, and it may actually be topics that may not otherwise be widely covered elsewhere. So it may be a set of topics that

are more interesting or useful for an underrepresented audience. It may be topics that are only covered at a surface level through more traditional media means, and YouTube enables the audience to go deeper. But really, the benefit for publishers and news organisations is they can then extend their programming to go deeper and engage audiences perhaps differently than the way that they would do so through more traditional means.

CHAIRPERSON: And I think we've heard through this inquiry, there's probably the other aspect. Someone put it that news can seem quite mundane until you get big breaking news, and then you get massive spikes
10 in audience and people searching for information very rapidly to see what's going on. And I imagine YouTube has the same aspect too, that big breaking events attract big audiences.

MR. BRANDON FELDMAN – YOUTUBE: That's right. We do see breaking news events as an opportunity for news organisations to reach audiences as an entry point, but oftentimes the real value of YouTube becomes the moment when we're introducing that audience to perhaps a news organisation for the first time, and then they become a more loyal follower or consumer of their news as a result of interest in that initial breaking news moment.

20 CHAIRPERSON: Yes, I think we heard from the Google Search team that they invested in news after the 9/11 tragedy and everyone was coming to search and couldn't find any information. But I imagine, you know, YouTube now, so much news is visual that people are looking for that visual experience and also, I suppose, even personal uploads from people on the

scene of an event that might be able to package by YouTube. Is that what you're seeing?

MR. BRANDON FELDMAN – YOUTUBE: Yeah, that is what we're seeing.

You know, to use the September 11th example you referenced, we have had a number of moments in YouTube's history that have been really remarkable opportunities for us to understand our responsibility, for us to understand how we can best serve users in the most critical moments. But then we have gone beyond what we really view as the table stakes of ensuring that quality information is available to providing a richer
10 experience to users, to supporting publishers and serving those users. And in the example or the set of examples that you mentioned that diversity of viewpoints is particularly valuable on our platform. We do find through our research that users come to YouTube because they're interested in seeing multiple viewpoints, in seeing a variety of sources, that diversity of perspectives and formats. And that's why we think there's so much benefit to publishers, of course as well, because we may be introducing them to a new viewer, but we're able to present that in a way that's mutually beneficial to the user and to the publisher.

CHAIRPERSON: Yeah, and I think you had discussed sort of how you look
20 for authoritative views as well. But I think in the presentation there was less about diversity. So maybe if you could just highlight how you bring about diverse views or how you seek to raise diverse views in either that top stories or breaking news or just the news watch page.

MR. BRANDON FELDMAN – YOUTUBE: Yes, the core tenant of diversity is one that's really important to us. All of those features that I talked to do

consider the plurality of voices as an important factor where even if I, as a viewer, am saying that I'm interested in this one channel, we still ensure that the videos presented to viewers are from more than just that one channel. And as a result of that, many viewers are actually presented with content from channels that they are not otherwise consuming. We think that's an important part of news consumption on our platform is that we're able to provide that diverse range of voices.

CHAIRPERSON: And I mean, just to round off, again on your website just about how you invest in this format, you see YouTube as being a home for news viewers to learn more about the world and the news industry and to reach them through innovative formats. But I mean, it just completes a theme that YouTube sees news as important for itself rather than some philanthropy project.

MR. BRANDON FELDMAN – YOUTUBE: Yeah, I would respond to that with a few points. The first is we see YouTube as a reflection of what's happening in the world and YouTube is a place where many different voices can have their viewpoint shared. That's inclusive of news providers. And as a result of us reflecting what's happening in the world, we think that news plays a key role. Now it is a smaller percentage of our total consumption time. In my view, we actually over index with our engagement with news publishers and our investments in our product because it's an area where some of the elements that I mentioned before, like the quality and authority of content are so important. Also supporting an ecosystem of journalism and an ecosystem that is otherwise navigating a lot of challenges that this panel is spending a lot of time on. So we spend a lot

of time in this space because we think it's important for society and because we think it's important for the overall diversity and makeup of content on our platform alongside the other content areas that we prioritise.

CHAIRPERSON: I think we've seen this across a number of platforms, but given the amount of content that exists out there and the fact that anyone can create, news is always going to have probably a single digit share of what is watched. But it holds a disproportionate share in terms of its importance and that's why YouTube, much like Google Search, much like Bing and others, have invested so much in the news prominence because
10 it is something that people look to go find and YouTube I don't think is any different. Do you disagree?

MR. BRANDON FELDMAN – YOUTUBE: For the moments in time when users are seeking out news, we want to invest in ensuring that what we serve them is of the highest quality. And we also want to ensure that the providers of that information have the right level of support, access to our learnings and our best practices and our insights on the types of video that best engage that audience. And that's really how we view it, is while, as you said, news may be a smaller percent of consumption time, that consumption time is really important for us to deliver a good experience to
20 our users. But then, in tandem, we see that as really valuable to our publisher partners because they're able to use that as an opportunity to build relationships and ultimately generate revenue from that consumption of their content.

CHAIRPERSON: And Brandon, the question was, it has disproportionate value for YouTube compared to the time or percentage watched. So I don't know if you can answer that question?

MR. BRANDON FELDMAN – YOUTUBE: I think we would absolutely agree that news is critical to a free and democratic society. And our work in supporting news is reflective of that.

CHAIRPERSON: And it has disproportionate value to YouTube. That is the question I'm asking. Not to democracy. I think that's settled.

MS. DOMINQUE COSTESECC - YOUTUBE: I think that we, obviously
10 YouTube, as many other platforms, is a two-sided platform. So there's always two sides to the coin. There's the content aspect and then we're also obviously selling ads on YouTube. So I think on the content side, as Brandon has explained, obviously, it's very important to us. And I think it's the type of content also that, as you say, has a lot of value. I think the other side of the coin is on the ad side. I think there it's a bit of a different story because I think it's a bit similar as to search. It's not necessarily the type of content that monetises the most. So I think it's both true and not true depending on what side of this two-sided platform you're looking at. I don't know if that makes sense?

20 CHAIRPERSON: So Dominique, is that a yes or it has disproportionate value?

MS. DOMINQUE COSTESECC - YOUTUBE: It depends how you look at it. From a commercial aspect, no. From a content aspect, I think it's an important category for us, alongside others, obviously, that are important too.

CHAIRPERSON: Look I think, I mean I know you wish to bring nuance, but the fact you're not answering the question, I think, reveals something in itself. We had this discussion. Sorry, Dominique, can I just finish the question? We had this discussion in search. I mean, you're in the market for user attention. Getting people onto YouTube, in this instance, is important. You know that there's a decline in appointment television. You say that, we want people to come when they're looking for news, there's breaking news. So this is something that brings users to YouTube and they expect to look for that. So that is the value that it brings. You may monetise
10 on other content. You also put ads in the feed in any event, which means it's monetised. But all I want to establish is whether this is part of the, I suppose, acquisition and retention strategy of YouTube, that news is important, because that seems to be the revealed behaviour of YouTube with all its investments and how it sees this.

MR. BRANDON FELDMAN - YOUTUBE: And my perspective on that is, when users come to YouTube to seek news, we want to provide them with a responsible experience. That is our priority. It is displayed alongside other content areas. And we want to ensure that when that news consumption experience is delivered, it's one that we can all be proud of.
20 That said, users come to YouTube for many different topics of content. And at any given time, we want to ensure that we're serving them a good experience. That societal value of news is one where we recognise we need to do things differently for it. But I think that that is different, as Dominique said, as we're looking at societal versus commercial value.

CHAIRPERSON: Look, I think the panel will draw their own conclusions.

But I mean, revealed behaviour certainly, I think, indicates, as you said, Brandon, you over index on news. I think there's probably a good reason for that. But maybe just to round this off, I mean, for you, whatever your motivations may be, you want authoritative quality news content on your platform.

MR. BRANDON FELDMAN - YOUTUBE: That's right. We see serving authoritative news as essential to our responsibility commitments that we shared an overview of at the top. And we really think that's important because, as I mentioned, we are in a shared fight against misinformation.

10 We're in a shared goal to support informed societies. And by supporting news organisations in creating high quality content, we think we can do that together.

CHAIRPERSON: And for that reason, I mean, there's a lot of benefit to YouTube of also assisting news publishers and journalists to make use of YouTube tools and toolkits.

MR. BRANDON FELDMAN - YOUTUBE: We really see that benefit as shared. It's beneficial for us as YouTube because then our news partners are able to create high quality content that's engaging for users and users can be satisfied with what they're consuming from trusted news providers
20 in South Africa. And then in tandem and really a mutual value is that those news publishers can create relationships and generate revenue from the content that they are publishing and distributing both on YouTube, but then in many cases across many platforms. We don't require, of course, exclusivity on our platform, so we see that those news organisations are using those insights on what works on YouTube and then creating better

content that they can distribute across many platforms at the same time.

CHAIRPERSON: And that's entirely fair. I think, as you say, it's a mutually beneficial relationship that you engage in. Thank you.

MS. PAULA FRAY: Thank you. I wonder if we could move to misinformation and disinformation, please, Brandon. Thank you very much for including that in your presentation. And news publishers who came here really spoke about the fact that YouTube is able to very quickly detect copyrighted music and content at the point of upload, or even in live stream, that YouTube can actually detect that. But a number, particularly broadcasters, were
10 experiencing the use of deepfakes, using their branding, using their presenters in order to even sell misleading things. And I hear you saying that when people use AI or AI generated content that they have to disclose. But clearly, if it's a voluntary process to disclose, if somebody is going to be intending to mislead an audience, they're unlikely to volunteer that, in fact, it's generated content. Is there not something that YouTube can do or is doing at the point of upload that can prevent this?

MR. BRANDON FELDMAN - YOUTUBE: Yes, thank you for the question. And it's something we spend a lot of time on. There's a few parts of it that I would call out in particular. The first is that we have a set of community
20 guidelines, as we call them. Those are our content policies on what is and is not allowed on YouTube. Those apply to AI-generated content as well. And in particular, when it comes to something like deepfakes, our policies in that space prohibit content that's been technically manipulated or doctored in a way that misleads users and may pose a serious risk of egregious harm. And we, in addition to that, have made a few

announcements to go beyond our core content policies to address some of what you just mentioned. And so that includes the disclosure process that we just announced and rolled out last week and the labels that we then display on content. We do recognise, though, as you astutely noted, that not everyone is a good actor, of course, in this space. And they may, in fact, not use these tools in the way that we would like them to. They may choose to not disclose the altered or synthetic nature of the content. That's why we are also instituting a penalty system for lack of disclosure as well. This penalty system is one we're actively working on now. This is a very
10 new area, and so we're doing it based on our learnings as we start to roll out these features. But we do know that we will need to have a structure that enables penalties to ensure that those bad actors are caught and their behaviour is not permitted. And then there are other areas that we would be happy to follow up on as well. For example, we've rolled out a privacy complaint flow for individuals who may be victims of deepfakes. And I would note across the board, to your point about undetecting this content at upload, we have made a lot of investments and advancements in how we detect content that would violate our policies. In Q4 of last year, the vast majority of content that was detected as violative was flagged by our
20 machines rather than humans. Ninety-six percent of those videos were first flagged by machines rather than humans, which to us really demonstrates that we're able to find this quickly and action it quickly.

MS. PAULA FRAY: I'm not sure if you managed to watch any of the presentations by broadcasters, but another complaint was that once they had identified deepfakes that were circulating, it was really difficult to get

them taken down. And I'm just wondering what the takedown process is and whether news entities that have credible brands and therefore depend on their credibility are in some ways able to access you quicker in order for that to happen?

MR. BRANDON FELDMAN - YOUTUBE: Yeah, so we have a number of ways in which we maintain open lines and channels to flag content of concern. There is a number of publicly available channels, for example, when viewers on our platform or partners on our platform, there is a flagging mechanism. We also maintain support channels for our partners
10 to raise content of concern. This area in particular, I'll acknowledge, is of course where we're seeing a rise in this type of content. And so we are approaching that by both improving our automated detection systems so that we're able to identify it quickly and address it. As I mentioned with some of the examples previously and also establishing some of these newer processes so that our partners can raise concerns and we can evaluate them as quickly as possible.

MS. PAULA FRAY: Are these all automated systems? I mean, you actually have to go online in order to do this. It's not possible to actually contact a person and say this is an urgent situation, could you take down this
20 material?

MR. BRANDON FELDMAN - YOUTUBE: It's a mix of both, actually. So the automated systems are in place because I mentioned at the top there's 500 hours of video uploaded to YouTube every minute. So it's a tremendous amount of content. And our systems have dramatically improved in detecting violative content faster, in many cases before a

human has even watched the content. A human meaning either an internal employee or even an average viewer. And the other channel, though, as you just noted, is reaching out to us and connecting with a human at the company. We do have support channels that are available for members of the YouTube Partner Program. That includes email and chat support along with our partnerships teams that are based around the world. So all of that is available to them.

CHAIRPERSON: Well, I suppose, Brandon, I mean, email and chat support, I think that was one of the concerns that, you know, a major
10 organisation like the SABC, which is our public broadcaster, is relying on email and chat support and not a point person or the like. And I think it's maybe not isolated to YouTube, but it's a concern that maybe at the tip of Africa we don't get that kind of support that might be given some of the global news organisations that are out there. I don't know if you want to comment.

MR. BRANDON FELDMAN - YOUTUBE: Yeah, I appreciate that feedback and it's one that I wasn't previously familiar with. I do think there was some recognition that our support, you know, albeit with some feedback, is perhaps better than some of the other platforms. But we can always do
20 better, to be clear. And we would be eager to follow up and better understand the specific concerns. My team is wholly dedicated to this work. My team is based around the world, they work with these organisations on a regular basis. You know, we hosted an event locally in South Africa last year. We're looking to host additional engagements this year that are specific to the market alongside our colleagues across the

company. And any concerns of that nature, you know, we spend a lot of time addressing, and we'd love to make sure that their team has the right points of contact to engage with us.

MS. PAULA FRAY: Thank you. Yeah, go ahead.

MS. DOMINIQUE COSTESECC - YOUTUBE: Abongile, you had your hand up. I don't know if you wanted to say something?

MS. ABONGILE MASHELE – YOUTUBE: No, I just wanted to add that in South Africa as well, leading up to the elections, we have internally a cross functional team that assists in escalating any issues that may arise, be it
10 on any platform, be it Google search, be it on YouTube, where we can be contacted directly for escalation through our trust and safety teams as well. So that's also a process that's in place and it links directly to the IEC, as well as an NGO called the Real 411 in the country.

MS. DOMINIQUE COSTESECC – YOUTUBE: Thanks.

MS. PAULA FRAY: And that's specifically around the elections or at any time?

MS. ABONGILE MASHELE – YOUTUBE: Around the elections and any time so we do also assist if broadcasters have issues and they reach out and we escalate the matter.

20 MS. PAULA FRAY: I'm actually pleased that you brought up the issue of the elections. I'm particularly interested whether the process around elections misinformation and disinformation campaign, whether the approach to election content is to check it at point of upload or after it's uploaded, and then perhaps if you could also just explain whether the election content is checked only in response to complaints. So does

somebody actually have to complain about it before you have a look at it, or is the process right at the start of the process all the way through for election content?

MR. BRANDON FELDMAN – YOUTUBE: Yes. To address your second part first, because I think it may actually address the broader question you're raising, all of our detection systems are in place for all of our policy areas, including our election policies. Those do not require human flags. We do review content if it is flagged by a human, but that is not a prerequisite for us to identify and take action on violative content. And I
10 mentioned previously that much of the action that we do on violative content is on content that has not been viewed by a human at all. So much of our work is on automated detection. Does that help answer the question, or is there anything else there that would be helpful?

MS. PAULA FRAY: So essentially, Brandon, it's takedown rather than preventing upload?

MR. BRANDON FRAY – YOUTUBE: That's right. We review content once it's been uploaded, and all content is subject to our policies at any point from upload forward. So we may take action on content upon upload all the way to days, weeks following, based on the nature of it and our ability
20 to detect it.

MS. PAULA FRAY: Why is this process only initiated during elections? Are there other periods where you might identify that are really risky for misinformation and disinformation? Or is there a specific focus on your own elections?

MR. BRANDON FELDMAN – YOUTUBE: Thank you for that. It's an important point to clarify. All of our policies are actually always in place. What I believe Abongile was mentioning was specific to some of the work in South Africa to stand up teams and operations. Given the nature of elections, we want to make sure that the right lines of communication and coordination are in place. But all of our policies are always on, and our teams work around the clock around the world to enforce them. It's more about this specific election task force, Abongile, is that correct?

10 MS. PAULA FRAY: And how big is this team that's working on elections for South Africa specifically?

MS. ABONGILE MASHELE – YOUTUBE: Well, the number, I think it's quite a big team because it's a cross functional team, including our trust and safety team. I would not be able to give the exact number, but it is quite a significant number of people from Google that are working on the elections.

20 MS. PAULA FRAY: I wonder if I could take you back to 2022 when the global coalition of fact checkers actually wrote to YouTube and really spoke about their concerns that it was a major conduit for falsehoods and that it was essentially being used and weaponised by unscrupulous actors to manipulate and exploit others. And at that stage, the fact checkers really asked YouTube to do four things. They wanted YouTube to make a commitment to funding independent research into disinformation campaigns on its platforms. It wanted links providing the rebuttals inside videos, distributing disinformation and misinformation, for YouTube to stop its algorithms from promoting repeat offenders, and to do more to tackle

falsehood in no English language videos. And I'm just wondering that since that request from the fact checkers, what YouTube has actually done? I mean, I saw some of your comments in your presentation, but it'd be nice just to hear how you've responded to those requests.

MR. BRANDON FELDMAN – YOUTUBE: Yes, thank you for that question.

We take those types of concerns and feedback very, very seriously. We actually spend a lot of time with our partners in the fact checking ecosystem, and we review many of those concerns in great detail with them directly. I, myself, have actually participated in a number of their
10 industry gatherings around the world to review that feedback in detail. And much of that work that I shared in the presentation on all of what we call our four R's, removing [policy? 01:09:28] content, reducing the spread of borderline content, rewarding quality content, and raising authoritative content, much of that is actually informed by the feedback that we get both from our partners in the industry and the research that we do internally and from third parties. In particular, in addition to that, we've actually launched a number of initiatives to support fact checkers in South Africa and around the world. For example, we've worked on a global fact check fund in collaboration with the International Fact Checking Network to support the
20 important work of fact checkers both around elections and more broadly. And there's work underway in South Africa, in particular, on a fact checking initiative. Abongile, is that one that you would be able to speak to?

MS. ABONGILE MASHELE – YOUTUBE: We've actually joined the Coalition Africa Check as part of this election as well.

MS. PAULA FRAY: While you're here, won't you speak some more about the ability to do fact checking in other languages, in vernacular languages, given South Africa's current makeup?

MS. ABONGILE MASHELE – YOUTUBE: Sorry, Paula, is that question directed at me?

MS. PAULA FRAY: Yes.

MS. ABONGILE MASHELE – YOUTUBE: I think that the main reason why the partnership with local coalitions is important is because of how they are constituted and configured. So if you would look at Africa Check, it is
10 constituted or it comprises of local fact checkers coming from different demographics, different newsrooms, and the direct relationships as well with journalists across the board in the region, which would be Africa in this particular instance. I'm not sure if that answers your question?

MS. PAULA FRAY: I guess I'm asking if there's a specific investment into vernacular language support?

MS. ABONGILE MASHELE – YOUTUBE: Well, I would say so, because as part of the fact checking coalition, the Africa Check one, it would be one of the requirements, and we have made a financial investment into Africa Check to enable that.

20 MS. PAULA FRAY: When people are uploading onto the site in languages that aren't English, are you able to check that?

MS. ABONGILE MASHELE – YOUTUBE: Can you specify when you say site? You mean YouTube?

MS. PAULA FRAY: So, yes, on YouTube. I mean, are you able to check videos in different languages?

MS. ABONGILE MASHELE – YOUTUBE: Brandon could also add on, but in terms of our trust and safety team, which is the team that actually reviews content, especially when there have been complaints, we do have a range that covers the languages as well as understanding the context of Africa or South Africa, which is very important when you are reviewing content. But Brandon, you feel free to add on from your side as well.

MR. BRANDON FELDMAN – YOUTUBE: That's right. All content on YouTube is subject to our policies. We have review teams that are aware of, as Abongile said, both local context and language expertise that enable
10 them to review the content with the right context in place.

CHAIRPERSON: And Brandon, I mean, you've invested heavily in what you say, the machine detection route once videos have been uploaded. Is machine detection able to do it in all South African languages? Or is it relying on people at this stage?

MR. BRANDON FELDMAN – YOUTUBE: Yes, I appreciate the question. I don't know if I'd be able to answer that immediately. We can take a look further and follow up with you with more detail on how we go about human versus machine reviews in vernacular languages. Dominique, is there anything else you would add there?

20 MS. DOMINIQUE COSTESEC – YOUTUBE: No, nothing particularly. I mean, I don't know exactly which languages we're able to sort of do this machine learning checks in. But I mean, obviously what's for sure is that the huge diversity of languages, that's part of the challenges I think that we have. And who knows, maybe AI will be able to help us with this kind of thing in the future, but it's definitely a challenge for sure, yeah.

CHAIRPERSON: Just quickly, I mean, Paula mentioned four things. The first one being funding independent research into the disinformation and misinformation campaigns on YouTube. Is that something you fund now, independent research?

MR. BRANDON FELDMAN – YOUTUBE: Yes, so one part of our elections work and actually more broadly as part of our platform integrity efforts, which we touched on a bit of, but we welcome the opportunity to spend more time on, so appreciate the question, is our work to understand trends and risks that apply at any level of granularity. Of course, there are global
10 areas of concern, but that extends all the way down into, as you all were asking, vernacular language context. And we have a number of ways that we go about doing that. The one that we did not cover in the earlier presentation is actually our work through YouTube's intelligence desk, as we call it, which is a team that spends time deeply understanding the types of misinformation risks that exist at the global and national all the way down to the more local level where YouTube operates, and then provide that information back to our teams to help inform how we go about policy development and enforcement, how we go about developing products and user experiences. And then in addition to that, we work with Google's
20 threat assessment group to understand where those risks lie as well. And that information helps us decide how to best protect users on our platform and evolve our policies and products.

CHAIRPERSON: And that sounds impressive, Brandon, but I just wanted to find out, I mean, do you support independent research on YouTube? Because I think the reason they called for independent research was that

it is obviously independent. It brings an independent perspective rather than necessarily someone within the company. So do you support that independent work?

MR. BRANDON FELDMAN – YOUTUBE: We do regularly seek input from independent groups, outside groups. We recognise and deeply appreciate the insights that a variety of our partners and outside bodies provide to us, and we regularly engage with them to inform our approach in the space.

CHAIRPERSON: And I suppose, look, I'll leave it, but independent research and giving people access to your platform to independently
10 assess is a little different to having an engagement. It allows them to assess the quality of their efforts and their outcomes and whether there are risks that maybe you're blind to at the time. But I think the answer is no. There's no independent research funded.

MR. BRANDON FELDMAN – YOUTUBE: Yeah, I'm actually not the subject matter expert there. I appreciate the question. Happy to follow up in writing with more information on what we have and certainly committed to understanding external dynamics and how our team can use that information, but specifics around independent research we'll have to follow up with you on.

20 CHAIRPERSON: We appreciate that, and if that can be not redacted as confidential, because one of the purposes of a public hearing is also for people to hear about what YouTube is doing and how they're doing it. And I think that's an important part of having these hearings is that the public and others can hear where you are acting and can hold you to account and also hold us to account in terms of our inquiry. I mean, the other one

was just stop algorithms from promoting repeat offenders. And I was interested in your earlier comment that when someone contravenes your community rules, as you put it, you may penalise them, but you don't stop them. So maybe you can just help us in understanding that if I put up a piece of misinformation, do you block me entirely? Do you just dock me for any advertising revenue share? How does it work?

MR. BRANDON FELDMAN – YOUTUBE: Yes. So we go about addressing that issue in a few ways that I'll walk through. The first is we have what we call a three strikes system for our community guidelines. That means that
10 when a channel violates our policies, they're subject to a three strike rule, which in effect means that they may upload a video that violates our policies. That video would be removed, and upon removal, it's also subject to a channel level penalty. That penalty is a seven day upload freeze. If they violate a second time, they're subject to a 14-day upload freeze. And if they violate a third time, they are subject to a termination of their channel. That termination means that they can no longer use our platform. That includes any further use of that existing channel that was terminated or any use of any new channels. So that policy provides a really strong signal to bad actors that they can't continue to violate our policies. And if they do,
20 they're at risk of restrictions on their ability to upload all the way to termination of their channel presence.

CHAIRPERSON: And I mean, I know this has become an increasingly challenging world, and I'm sure incredibly challenging for YouTube as well. But so is this just channel partners or anyone who uploads? Because I think what we've also seen and we've heard about is, you know, these

news organisations, well not really news organisations, but almost the ad fraud world of fake, we had it in the Google context of fake websites, but I'm sure it's the same in the YouTube world, where I suppose they could reappear as some new version the next day, even if you did block them. So really two things there is, is it only the channels that you block or any content upload? And secondly, the workarounds that I'm sure you do face, it's a challenge. How do you deal with that?

MR. BRANDON FELDMAN – YOUTUBE: Yes, so we take action at the individual video level and the channel level. So if a piece of content violates
10 our policies, we take it down. And if a channel is regularly abusing our policies or violating them, the channel itself is removed. And then to your point about repeat offenders or users that may seek to circumvent our policies, we do have both automated and human systems and processes in place to address that. We consider that to be a violation of our terms of service. And so if a channel seeks to circumvent by uploading a video on another channel or creates a new channel, we remove that content. And we have ways in which we can identify that those entities may be connected.

CHAIRPERSON: Alright, so those aren't the sort of three strikes, they're
20 already struck and so if you identify, they're immediately off. Is that right?

MR. BRANDON FELDMAN – YOUTUBE: That's correct. We would consider them at that point to be violating our terms of service. They no longer have that grace of three strikes. The content's removed immediately and their entire YouTube channel presence may be subject to termination.

MS. DOMINIQUE COSTESECC – YOUTUBE: But it definitely is a bit of a cat and mouse game, as you can imagine, because there are those people who will try to find different ways. And I think as for search, it's one of the challenges we have also sometimes with transparency where sometimes the more transparency we give into how our detection systems work, then people try to use that to try and circumvent. So it's obviously part of the challenges of running this kind of platform.

CHAIRPERSON: No, and I think we appreciate it. And I think it's important also through these public hearings that both the platforms and the media
10 get to understand the challenges that each other are facing because certainly it is a cat and mouse, as you say, Dominique. And I'm sure you need to invest in systems to deal with that and those investments may not be small. But that has been a question that sort of lingered through the hearings is how much is enough and what is sufficient. So maybe just to get your perspective on the kind of level of investments you make and whether you think that is sufficient.

MS. DOMINIQUE COSTESECC – YOUTUBE: Yes, I mean, I can maybe speak more about that. But I think from our perspective, we have both problems. I think sort of like you need to invest enough to take down
20 harmful content. I think what's also sometimes problematic and people complain about is taking down is going too far the other way, where we then get accused of taking down content that maybe was sort of like borderline in some ways. But people then said, well, but that's, you know, some people think that content should be up. So I think that's part of the challenge is to find this sort of golden middle path where you do enough,

but you also don't go overboard in taking down content that should be there. And there's also many countries that are not fortunate to have democratic systems where YouTube is a super important channel for dissident voices. And so I think that that's one of the major challenges for us to sort of get that balance right. But Brandon, maybe you can, maybe you have something to add from your perspective.

MR. BRANDON FELDMAN – YOUTUBE: No, I would just add that as demonstrated by a few of the examples that we cited earlier, we don't really view this work as ever being sort of enough or over. It's an ongoing effort
10 where we're constantly seeking out to understand new ways that bad actors might be trying to evade our systems, as Dominique noted, but also understanding new vectors of risk or work around AI is a great example of that. We also regularly update our policies to reflect the risks around real world harm, which we all know continue to evolve. And so our understanding of where the risks are moving and then adapting to them as an always on effort by our teams across the company.

CHAIRPERSON: And maybe just to, sorry, I know this is a bit of a diversion, but to pick up Dominique, your point, I think we raised this and I can't remember with whom in the hearing, but given that, at least in South
20 Africa, the press is subject to a press code, and this applies even to community media who all ascribe to that press code through the Association of Independent Publishers, and those have clear compliance and standards. I mean, is there, or has YouTube explored the option that where this exists in the country, that they would either identify those news sources knowing that they are compliant with a code that would prevent

them from doing hate speech and misinformation and subject to certain journalistic standards of fact checking and that their content isn't just taken down by an algorithm, it can be flagged in some way because there are obviously codes that they ascribe to, but they're also subject to recourse if they violate them within South African law as well. Is that something you've considered or have acted on?

MR. BRANDON FELDMAN – YOUTUBE: Yeah, I'm happy to start, Dominique. I welcome any additional input you might have. Firstly, on the note regarding, James, if I could make sure I followed your question

10 correctly, providing news organisations with additional grace in our systems, acknowledging that they've committed to a certain quality bar. We actually spend a lot of time helping news organisations understand our policies, and we institute as part of that three strike system a number of additional steps in it to equip the channel in question to learn about our policies. Two examples of this that I would call out. The first is a warning in that system if it's the first ever violation on the channel, and the second is a series of what we call training courses that enable the channel to understand more about our policies, and if they complete that, that also provides them an opportunity to have those strikes expire, is one example.

20 There are these additional junctures in the process where we seek to give good actors, like we would expect most news organisations to be, to learn the rules, follow the rules, and demonstrate their express intent to follow them. We are also, of course, a global platform, so we are navigating how we can best identify and support news organisations, acknowledging what might be different local standards, and so we think that combination of us

having systems that surface and elevate and raise authoritative news content while also instituting these processes around content policies and support in the understanding and compliance help us do so.

MS. DOMINIQUE COSTESEC – YOUTUBE: I think maybe just one point I would add to that is that obviously a publisher may be subject to a code, which is of course helpful, but I think it's hard for us to know are they then also complying with that code, which is sort of another level of check, but I think it goes back to what Brandon says about the work we do around what is an authoritative channel and sort of trying to assess that in that way, but I would say being subject to a code is not a guarantee of complying with that code.

CHAIRPERSON: There would be compliance mechanisms domestically, so I appreciate every country is different, but I think the concern is that YouTube moderation takes over from what may be domestic rules for journalism and human rights and freedom of expression, so it's maybe something for YouTube just to think about. I mean, linked to that is YouTube is a personalised service as well, and of course one of the benefits of personalisation is you feed someone what they are looking for, which might increase their engagement, but the risk, as many have identified, is of course that you can create an echo chamber or worse, and not have people exposed to alternative views, so I just wanted to understand how does YouTube seek to strike that balance, not just in news, but other content, because obviously other content may be uploaded not by news organisations.

MR. BRANDON FELDMAN – YOUTUBE: Yes, that's really a core tenet, as you said, James, of YouTube overall, that as we surface content, recommend content, connect viewers with content, that we're doing so not across any single channel, but we're doing so across the depth and breadth of YouTube overall. It's really not specific to news, but it's just inherent in the way that YouTube operates. We are recommending videos to users across many different places. That includes the YouTube home feed when you open the YouTube app or YouTube.com or the YouTube app in the living room, any of the places where a YouTube user may be
10 consuming content. They're seeing suggestions of content to watch that reflect all of YouTube. And personalisation is one factor that we take into account, but diversity is one we balance that with, and then that carries through to recommendations that we make on watch pages, so if a user's watching a video, suggestions on content they watch alongside any given piece of content in the feed environment, if they're watching short form video, so really across the board, users are seeing videos from many different channels, and in fact, maybe many different content areas as well. They might be watching a cooking video, and after they watch the cooking video, they're seeing a recommendation for a product review or a how-to
20 video on an entirely different subject, and that's really inherent in how YouTube is designed.

CHAIRPERSON: And I suppose my question, Brandon, is more, you know, personalisation is probably here to stay, and there are some benefits, but there are risks, so how has YouTube managed to balance those risks? And we could say that maybe, you know, different platforms are doing it

differently and some may, you know, be experimenting in how you strike that balance, but I just want to understand from YouTube's perspective how you balance the risk of pushing someone down a rabbit hole versus giving them diversity but still having a personalised experience.

MR. BRANDON FELDMAN – YOUTUBE: Yeah, so I'm best equipped to speak to the news part in particular, so I'll start with that component. When we think about personalisation of content in the news space or in areas surrounding news, that's also when that responsibility framework that I mentioned earlier applies in particular, so when we are surfacing
10 recommendations of content, we're looking at two main aspects. The first is what are we raising? So if it's about news, we are raising authoritative sources. Again, that's a diversity of sources, it's not any single source. And then to your point about echo chambers, we're also reducing borderline content, so things that might be fringe, you know, conspiracy theories, for example, they may be on our platform, but if they're brushing up on our policy lines, we are not actively recommending them, and so what we're balancing, and as you're noting is reflective of an important topic the overall ecosystem is navigating is that we are connecting users with topics and content that we think are useful to them, but we're also taking steps to
20 ensure that we're not recommending harmful or potentially borderline content at the same time.

CHAIRPERSON: Alright. I think it certainly would help the public to understand in a lot more detail how that happens, but I mean, this is an area where there is, in fact, independent research and some of that independent research has sort of identified, and it may be why that

complaint from the fact check has occurred, but identified that, you know, just to take a recent one from New York University, that YouTube algorithm does push people into admittedly milder ideological echo chambers, but also found that it pushes users to more conservative and narrow ideological content the longer they use the recommendations. I mean, an earlier one found that sort of users who start in the sort of alt-light ideological area slowly progress into the alt-right content, which is not easy to find initially, but is often reachable through the recommendations, in fact, not actual search. So I don't know if you've engaged with these
10 independent researchers and looked at how to change your systems in response?

MR. BRANDON FELDMAN – YOUTUBE: Yes, I appreciate that. Much of the work we've done, particularly in this area of responsibility, connecting users with quality content, is actually to address the fundamental areas that you're noting there around when users are consuming content around more sensitive topics, news and information, ensuring that quality content, credible content, is actively recommended to them, that we're raising it across our systems, that we're not actively recommending borderline content. And so happy to follow up, as you noted, to discuss or provide
20 more information on that work, but it's something that we spend a lot of time on.

CHAIRPERSON: So do you see authoritative news as an antidote to misinformation and disinformation? Is that why you're promoting it?

MR. BRANDON FELDMAN – YOUTUBE: In short, yes, absolutely. I think based on a lot of work that we do, and I think it is a shared perspective by

those in the industry outside of our company, in order to effectively tackle misinformation, users also have to have readily available access to quality information. And so that's why ensuring that that four Rs approach is one that is in place and we actively invest in is important.

CHAIRPERSON: Thank you, Brandon. I think that is an important point because it's been a point of discussion, certainly, and it's good to hear that YouTube sees it as part of the role in fighting misinformation, not just putting in machine learning. I just want to go to some of the monetisation that you discussed and other support for journalism. I mean, just so I get
10 this right, I mean, there are some monetisation options that anyone can use on YouTube, but the partnership program really unlocks specific things, and probably the more important one is ad revenue share. Is that correct?

MR. BRANDON FELDMAN – YOUTUBE: That's correct. There are a few aspects or benefits to participating in the YouTube Partner Program. Not every creator on our platform is part of the YouTube Partner Program, but those that do choose to participate and are eligible to participate receive additional benefits. Those benefits include support, meaning they can access technical and strategic and operational support in addition to
20 monetisation, as you said.

CHAIRPERSON: And on that eligibility criteria that you mentioned, I mean, you said you were looking to sort of bring more people into the net, or at least news publishers, but certainly the observation in South Africa is that there's only a handful and really the large media companies that have qualified for this, and it's not something that's really accessible by the vast

majority of media and certainly the diversity in the media, which is smaller community or vernacular media. None of that is on your partnership program. So I just wanted to understand from your perspective, what are these efforts to broaden it, and is that likely to reach our shores too?

MR. BRANDON FELDMAN – YOUTUBE: Yes, so all channels on YouTube are eligible to participate in the YouTube Partner Program, but they then have to meet certain criteria of channel size or viewership to actually be accepted into it. The steps that we've taken to make the YouTube Partner Program even more accessible, we have done in South Africa. The bar for
10 entry into the YouTube Partner Program is now 500 subscribers to the YouTube channel, three uploads, and then either 3,000 public watch hours or 3 million shorts views. We actually view that as a quite accessible bar, and that's also why, for channels that are getting started that may be seeking guidance on how to build a successful YouTube channel, we offer ongoing training and support so that they have access to information on how to go about setting themselves up for success to meet that bar. And that bar enables them access to certain parts of our monetisation suite, and then once they reach a bar above that, the full monetisation suite is available to them.

20 CHAIRPERSON: And I suppose the observation I'm just saying is that that bar has excluded the vast majority of the media, factually, I'm just saying. But my question is, if you're going to support the media, why do you need to have a bar? I mean, I can understand if, yes, I want to try and monetise my videos, you don't want me as part of that if I'm small and it may be costly. But for a subset, which is the media, I mean, does it not make sense

to just be more inclusive than exclusive to serve your authoritative and diversity requirements that you also put forward?

MR. BRANDON FELDMAN - YOUTUBE: Yes, I would like to follow up on the point you made, James, about the general eligibility for more upstart media organisations or even those that might be more established. Our viewpoint is that the YouTube Partner Program is actually quite accessible. And so if the feedback is that it is not, we should investigate that further and follow up with you to understand where there might be a disconnect. I'm taking the steps that I mentioned before, but want to make sure that

10 we are clarifying anything that might be either a misconception or a shared misunderstanding. In terms of the second part of what you said, we institute that bar as a way to ensure that we are providing an initial quality check on our platform, first and foremost. We need content to review to ensure that it meets our policy bars that ultimately enable us to have confidence that we can deliver on our responsibility commitments, that the content is suitable for advertising, for example, once the channel chooses to monetise through advertising. So it's really primarily that. And then in addition to that, a YouTube scale, we need to draw the line to ensure that we're able to operate the platform and ensure that it's a meaningful

20 opportunity for those that choose to participate. And that's why we ultimately do set a line. But our overall perspective is that the YouTube Partner Program should be available as a readily accessible program for the news industry. And if that's not the case for South African media, we'll look into that.

CHAIRPERSON: And I appreciate that, Brandon, and I'm sure Abongile will also assist with that. But I know sometimes global platforms want global rules, but it strikes me that if it's not servicing South Africa's media, it's probably not servicing Africa's media similarly. And it may be something that you can revisit because certainly things like appropriate content would be assured because they're all subject to the press code. And so some of those other concerns you might have might fall away just because of the nature of who we're dealing with.

MS. DOMINIQUE COSTESEC – YOUTUBE: It would be interesting to
10 understand indeed sort of why those players are not monetising. I mean, 500 subscribers is not very much. So it'd be interesting to understand better sort of what the reasons are.

CHAIRPERSON: No, and I'm sure you also have an opportunity to engage. You know, you are now in greater communication with some of the media as a result of this inquiry. And I think it's an opportunity to do exactly that. You know, and we've heard different things. The number of watched hours is maybe another barrier. It may be ignorance of the program is another barrier, but I think with smaller media, there may not be the kind of content of the SABC that can be thrown at YouTube. But we
20 had an example, you know, just from one community media who hit 20 million views on a viral piece of content, and the content, you know, didn't earn them a cent. But it may also incentivise local media to put effort into video content that is of interest and interest their community. So it may even be a win-win situation once people know that they're able to monetise because if they can't, they tell us there's no point investing. So it's just

something for you to think about. But I appreciate the openness to thinking about it.

MR. BRANDON FELDMAN – YOUTUBE: Yeah, absolutely. And I would just add that community media, newer digital media outlets are an area that we're spending an increasing amount of time on. We, of course, really value our traditional broadcast and publisher partners, but we recognise that community media, independent journalists, those who have gone out on their own, really reflect the type of diversity that we think is so important. And we have a number of initiatives underway. We're actually hosting a
10 training series that's open globally, including to those in South Africa this week to support media that may be up and coming. And it's part of a broader effort on our end to help those who may just be getting started in digital video or maybe are seeking to cover a part of the landscape that is less covered by other news outlets to do so. And so I appreciate that feedback and we'll absolutely look into it.

CHAIRPERSON: Yes, and I think it plays into, as I said, the diversity of views and also to hear news in your own language because it's probably only the SABC as the only non-English provider that may be in your partnership program. But I just wanted to go then just to the share of ad
20 revenue. So, I mean, for long form video ads, the publisher gets 45% net of your costs, as I understand. I mean, I assume that's correct? So I just wanted to understand this, you know, because what we've also heard is there's costs to the publishers of getting it into format, getting it on your platform. So you may have costs in serving an ad. They have other costs

that they incur. So it does raise the question for us, why net revenue, why not gross revenue? Maybe you can answer that.

MR. BRANDON FELDMAN – YOUTUBE: Yes, so on the revenue shares in particular, there are a number of different revenue shares that we've set based on the nature of monetisation that the channel chooses to enable. So when a creator of any type, including a news organisation, elects to participate in the YouTube Partner Program, they can then choose the type of monetisation they would like to turn on. They can enable more than one type based on their own preference. Each type of monetisation has a
10 different revenue share associated with it. The foundational revenue share, the one that drives the majority of revenue for our partners, is on what we call watch page monetisation. That is your more classic ads that display on a watch page when a user is watching a typical long form YouTube video. For that type of ad format, we pay out 55% of the revenue to our partners. Happy to go through the others if it's helpful. We really view that as a fair revenue exchange given our investments in our technology, our ability to connect creators with audiences, and our ability to continue to invest in YouTube as a platform that's valuable for users and our partners. And that rev share is one that we've had in place for a long time, and our
20 partners have generated meaningful revenue from and seen benefit from around the world.

CHAIRPERSON: And that, I suppose, is the question. So, I mean, although I'm far from any influencer, but if I put up my video and then the SABC, which has journalists out with outside broadcast communications and all the costs of a crew professional cameraman, I mean, they get the

same share of the ad regardless of their investment in the content. I mean, that's correct. You get a 55% share regardless.

MS. DOMINIQUE COSTESEC – YOUTUBE: We're not able to differentiate. I think that would become extremely complex if we had to find out how much each creator has invested and sort of adapt the rev share. I think that would probably very quickly become unworkable. But yes, I mean, that is a reality. I mean, one would hope that if you invest more in your content, you then have better content that attracts more views and monetises better, but it's not necessarily a linear relationship. And just one
10 small point, your previous point from gross to net, I mean, there's, you know, mostly what we withhold is things like taxes etc. so I don't think there's a massive difference. But yes, take your point.

MR. BRANDON FELDMAN – YOUTUBE: I would just build on one of the points that Dominique was raising there to expand on it further, which is the actual payouts that we ultimately make to our partners reflect audience and advertiser interest in the content. And so, Dominique was alluding there to, you know, we would expect that the content that is more engaging, that may reflect, you know, higher investments in production, users may be willing to pay more if they're subscribing, for example, to a
20 channel and paying for a channel membership or contributing through one of the levers that I mentioned earlier. Advertiser appeal for that content may be higher. And so, ultimately, we are a part of a marketplace and the payouts reflect our position in that marketplace, user willingness to pay for it, advertiser willingness to pay for it, and that applies across all content areas, including news.

CHAIRPERSON: Well, I just want to pick up on that because a couple of things. I mean, the one is, then you would drive sensationalist journalism, which is something you don't want to do because you want to create authoritative journalism that also counters misinformation and sensationalisation. So, forcing people to drive volume of views might create the wrong incentives. But, Dominique, I would also challenge this idea that it's impossible. I mean, Google Play, as we heard in our previous inquiry, isolates particular content type providers because of their costs, such as streaming and the copyright that's involved, but the same with
10 video streaming and charges far less of a commission. So it seems infinitely possible for YouTube to do the same. It can say, alright, this is news, if we are going to be supporting news and not promoting sensationalist news, then we can offer a much better commission because the evidence, at least from the SABC, which has, I don't know how many billion views on YouTube, says the revenue, in fact, is pitiful. So I don't know if you have thought about this.

MS. DOMINIQUE COSTESECC – YOUTUBE: I mean, of course, nothing is impossible, but I think, I mean, of course, it's true that we try to have rules, you know, I think as a global platform, as you say, of course, you have an
20 incentive to, you know, the world, things can become very complex if you start making a lot of exceptions. So I think we, it's true that on our end, we have an incentive of having rules that are sort of, you know, similar across the board. But as you say, that's not to say that, you know, that cannot evolve in the future. I mean, one thing I would say is that often market players who invest in content make that content available in more than one

place, not just on YouTube. So they will, for instance, you know, have a video that they've made, you know, for their broadcasting channel, and then they make it available on YouTube, but maybe also on other platforms. So, you know, I think that is also something that helps. I mean, that investment is not being made only for purposes of putting it on YouTube, but yes, I, you know, take your point on this.

MR. BRANDON FELDMAN – YOUTUBE: Yes and I would just build on that by adding that each of those examples cited of how different business structures operate across the web, the model that we're talking about here is quite unique relative to those in that, you know, in the example of advertising, that advertising may be sold by Google, meaning we're bringing the ad inventory, meaning we're employing the ad sales staff. It may also be sold by our partners. And in those cases, the models can look different. In the case of our channel memberships or our paid subscription offerings, it's a different revenue share. It's actually higher because in that case, you know, the creator themselves is the primary appeal and they're creating the offer. And I would just add across the board that we are operating the infrastructure of our platform which is free of charge and freely available to users and creators. And so we think that the value exchange is one that's fair based on the value that our partners are bringing and the value that YouTube is bringing.

CHAIRPERSON: Yes, and I suppose the view from the news media is they don't feel it is fair. They don't have the transparency of your costs and profits, and o they're unable to make that assessment. But I think, you know, it's something we'll pick up with the next team, but I mean, Google

AdTech has exclusive rights to sell on YouTube, so they pick up all the revenue from the advertiser side, from the DSP demand side play as well. So there are multiple points at which Google is also benefiting here. But I suppose the proper decision is simple. I mean, Dominique, you say making exceptions, and I know global platforms sometimes loathe making precedent. But, I mean, as Paula pointed out, in South Africa and in Africa, YouTube has particular prominence for news. It has particular prominence also for news in people's own language because it doesn't have the constraints that Google Search has. And because of the lower incomes, 10 people are driven towards free options such as YouTube where they don't have to pay and which may be advertiser driven. So maybe just think about those in your exceptions. I mean, I'm just aware we're almost out of time, so there was just two things, one thing for me. Dominique, when you were last here in person, we had a discussion about Google Search favouring YouTube, and you said that's most definitely not the case because we had made the observation and we weren't the only one that YouTube seems to disproportionately hear, have a presence on Search and Discover. But, I mean, you will be aware, I'm sure, of the case brought by Rumble against Google where Google sought for a dismissal of the case, and that was 20 denied by the judge. It's proceeding this year. But the complaint is precisely the same, which is that Google does, in fact, favour YouTube on its algorithm. I mean, there's also been investigations by the Wall Street Journal which came to the same conclusion that videos are, in fact, trending on Facebook but are also present on YouTube when searched for by name 95% of the time appear first for YouTube, not Facebook, on

Google Search. So obviously that is subject to some dispute rather than assurance that it's definitely not the case. I mean, you would accept that at least it's going to be subject to trial and we'll hear from the outcome of that.

MS. DOMINIQUE COSTESECC – YOUTUBE: So I was not aware of that trial, but I will look into it. But, I mean, it's an accusation obviously that we've heard before, but what I can definitely say is that the algorithm doesn't favour YouTube as a website. I think what does happen is that it takes into account things like the number of links. And so I think in the way
10 that works, because YouTube is a popular website, YouTube tends to surface a lot. Now some people may say, well, then you should change how your algorithm works. I think that's another debate. But the algorithm doesn't sort of kind of put a thumb on the scale for YouTube specifically as a website.

CHAIRPERSON: No, and what we see is competition authorities all the time is that you may not have in your code surface YouTube first, but by how you choose the metrics, you may create that favouring. And I suppose things like links, this was exactly the Wall Street Journal's experiment saying something that is far more popular and trending on another platform
20 other than YouTube is surfaced after YouTube, which doesn't make logical sense if we are looking at popularity and links. But I'll leave you to catch up on that. I suppose the only reason I've raised it in relation to this inquiry is if users are driven to YouTube instead of the SABC's new site, they share in revenue and they share in the revenue that YouTube manages to generate, whereas if it lands on the SABC site, they may not be sharing

with YouTube at all and it may be what they can sell in terms of contextual and other advertising on their site. So it would seem to have some relevance to some of the issues that we're dealing with. I don't know if you have any comment on that?

MS. DOMINIQUE COSTESEC – YOUTUBE: I have no particular comment, but yes, I hear your feedback. I don't know the specific facts of those cases that were raised and I'm happy to look into that, but I hear what you're saying.

MS. PAULA FRAY: Sorry, Dominique. I wanted to just ask, maybe,
10 Abongile, you could help here, how big is the YouTube news support team in South Africa?

MS. ABONGILE MASHELE – YOUTUBE: We don't have specific resources in South Africa, but we do have under Brandon's team. Maybe you can specify?

MR. BRANDON FELDMAN – YOUTUBE: Yes. So our news efforts are actually global and that means that we have team members that are located around the world that work with news publishers. So, in certain markets, we coordinate closely with our colleagues across the company at large and our support model, which ranges from humans, members of my
20 team and our broader team, all the way to ongoing virtual support. Those team members are based around the world to enable us to provide around-the-clock service and support to our partners that are based in many countries, including in South Africa.

MS. PAULA FRAY: If you can't give figures for South Africa, can you give figures for Africa?

MR. BRANDON FELDMAN – YOUTUBE: I think we could follow up there.

Does that sound right, Abongile and Dominique?

MS. DOMINIQUE COSTESECC – YOUTUBE: Yes, I'm sorry. I don't know the figures, but we can find out. Abongile, maybe you know more?

MS. ABONGILE MASHELE - YOUTUBE: Well I suppose, I mean, for me the issue really is in terms of how strong African context is within your decision-making process and the way you decide on different policies, etc.

MR. BRANDON FELDMAN – YOUTUBE: Yes, I do think Abongile mentioned something earlier about our review processes. I think what we
10 were speaking to, particularly our news folks, where there is some distinction here between our teams that are supporting news publishers versus our trust and safety teams versus Google overall. We absolutely have staffing when it comes to trust and safety and content reviewers that are experts in vernacular languages in South African context. Abongile, is there anything else you would add there?

MS. ABONGILE MASHELE - YOUTUBE: I would say from partnerships broadly, we do have support from YouTube as well as YouTube Shorts with oversight in South Africa as well.

MS. PAULA FRAY: And then just very, very briefly, because I know that
20 we're almost out of time, you submitted that YouTube works within the broader Google News Initiative program. And so can we confirm that it's about 300 million that has been spent there since 2018? Is that right?

MR. BRANDON FELDMAN - YOUTUBE: Yes, so that reference is from the initial launch of the Google News Initiative. Our work at YouTube is both in collaboration with the Google News Initiative and also extends beyond it.

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And we have a number of initiatives that were part of that initial announcement and many initiatives since then that have been beyond or was part of that initial announcement.

MS. PAULA FRAY: Do you have any idea of how many South African entities actually benefited or were supported through the GNI?

MS. DOMINIQUE COSTESEC - YOUTUBE: I think we provided answers on that in our RFI response, I seem to recall, but I don't know by heart.

MS. PAULA FRAY: Two South African media groups through the Innovation Fund?

10 MR. BRANDON FELDMAN - YOUTUBE: Yes, that is one example of an initiative that we've run. We've run many others, these initiatives make up a number of different components and those are two examples of initiatives that we ran over time where South African news organisations participated. We regularly run them, I mentioned some that we're actually doing as we speak that are open to South African publishers. We actually welcome more participation and are eager to have South African media engage with us in these initiatives. And so that is also an area where we're eager to engage more deeply and ensuring that there's awareness and participation given the opportunity that we see here as well.

20 CHAIRPERSON: Yeah, I think we are out of time and we have the Google AdTech team coming in in 30 minutes. I do want to just thank Brandon, Abongile, Dominique and Agnieszka who disappeared for a moment. Welcome back. Thank you for making the time to come and speak to the panel and speak to the public and the media through the public hearing process. I'm sure it's been educational for everyone who has listened in

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and we look forward to the engagements going forward. Hopefully, we've also given you some things to think about in YouTube and we look forward to engaging further as we progress in the inquiry. Thanks so much. We're going to take a 30 minute break and then we'll be back at 7 o'clock South African time with Google AdTech.

[BREAK 02:07:41 – 02:36:09]

CHAIRPERSON: Welcome back to the evening session on day 15 of the
10 Media and Digital Market Inquiry Public Hearings. We now have Google AdTech and I want to welcome Dan Taylor, who's Vice President Global Ads. Duncan Lennox, who's Vice President Ads Privacy. Ben Jones, Senior Counsel for Ads. And then we are joined once more by Dominique Costesec, Agnieszka Moldach and Abongile Mashele, who now tie with Chris Nzinga for the most appearances in a public inquiry. So, well done on that achievement. So, thank you very much for making the time. And I know this team is joining from various places around the world although I'm sure Abongile is in Johannesburg. So, welcome to the team. I know you have a presentation and we'll let you run that uninterrupted and then
20 we'll have questions.

MS. DOMINIQUE COSTESEEC - GOOGLE ADTECH: Thank you, James. I think that also shows our commitments to being on so many of those calls with you. But thanks again for the opportunity. I appreciate this session will be running a little bit late where you are. But yeah, thanks very much. I think maybe just one point before we start the presentation. We have Dan

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Taylor, who's the Vice President for Global Ads. He will be speaking about the role of ad tech and how it has evolved and the competition that exists in the ad tech ecosystem. And we also have Duncan Lennox, Vice President for Ads, Privacy and Safety, who will then speak about the transparency in ad tech. And we have just one technical aspect. Dan will need to drop off at 90 minutes, but you have a room full of experts who will hopefully answer all your questions afterwards.

CHAIRPERSON: Thank you. Thank you so much.

10 MS. DOMINIQUE COSTESECC - GOOGLE ADTECH: Dan, are we good with the slides?

MR. DAN TAYLOR – GOOGLE ADTECH: Yes. Can you see so far?

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: Yes.

20 MR. DAN TAYLOR – GOOGLE ADTECH: That's great. I cannot. So hello, everyone and thank you for the opportunity to speak today and to open up this part of the hearing with a presentation, if you will, to sort of frame up our understanding and our experience in the ad technology landscape. And I know we've had some dialogue in non-public settings, and I thought it would be useful for us to repeat some of that content here. So thank you for that opportunity. And so I will just take a few minutes to do that and then look forward to the dialogue. So the four things we're planning to cover in this short presentation are, first of all, the role and value that we believe is provided by ad technology, or ad tech for short, how we've seen the ad technology stack evolve over the years. I've had the good fortune of being in the advertising industry for over 30 years and over half of that now in the digital advertising space. And a lot has changed over the last several

years. And so take you through a little bit of that evolution. And then finally, finish with some points on how competition manifests in the ad tech ecosystem in ways that are simple and in ways that are complex. And then I will turn it over to Duncan, who will talk a little bit about the transparency initiatives that his team has been leading as part of the ad technology offerings that we provide, as well as the initiatives we're trying to further in the ecosystem overall. So with that, I'll first go with some context. And so this slide shows the size of the publisher industry and the context of the ad technology stack. And so while this portion of the hearing is about ad
10 technology, it's really one part of a much larger advertising ecosystem, even within digital. And so in the context of the ad stack based on publicly available information, generally speaking, there's a shortage of market-wide data about the South African market specifically, so we're utilising this IAB study. Now, generally speaking, publishers can choose to sell their own inventory directly to advertisers, which I'll get into in a bit. And that forms about 5% of the overall market and was the fastest growing sales method in 2022. Publishers can also choose to sell their inventory programmatically, which again, we'll talk about briefly, but that forms about 1% of the market. And this holds several benefits to both advertisers and
20 publishers, which we'll talk about. But generally speaking, when we talk about the ad tech landscape, we're really talking about the slices that you see here in colour. And so publishers can utilise programmatic for auction based buying, as well as guaranteed deals between direct sold inventory. And so we'll talk a little bit more about how the ad tech landscape contributes to this part of the advertising ecosystem. So generally

speaking, we think about four main tenants when we talk about the ad technology landscape. First of all, ad tech helps connect publishers to buyers of inventory that they would otherwise not necessarily meet or be able to engage with directly. Second, revenue generated from digital advertising really helps cover publishers' costs. And so while we talk about this notion of publishing, whether it's in news or entertainment or in healthcare or in how-to, this notion of publishers being able to support their content creation and their business through advertising is the predominant method of economic model on the web and has been since its inception.

10 And so in addition to that, thirdly, revenue streams from digital ads help to fund new entry by publishers of all sizes. So everything from a small business starting out in their garage who wants to be able to support their passion through advertising funded business model can get started really quickly. It also allows news publishers of any size to compete with larger players through an ad supported model. And so I'll talk through a little bit about how the ad technology model has evolved over the years and the reasons that we're really invested in it as a company. So at its simplest, if you'll bear with me, advertising is about publishers who build content for audiences and sell access to those audiences to advertisers. And so

20 again, I've worked in advertising my entire career. I've definitely worked on the publisher side of the house and my job was to go out and find advertisers interested in gaining accesses to the audience that my publication created. And so sales teams were designed to sell ad space directly to advertisers. Very simple concept. But one of the things that we found in traditional media as well as in digital media is this notion of not

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necessarily being able to find all the advertising demand to fill the publisher inventory that's available. And certainly in traditional broadcast media, this was commonly done through ad networks. This option still exists in digital today. This is highlighted in gold here. Ad networks generally aggregate unsold inventory from publishers to sell to buyers. And again, these are often ones that the publisher doesn't already have a relationship with. And likewise, ad networks perform a service for advertisers as well by aggregating that demand and that supply to help publishers sell their inventory. There are some examples of ad networks in the digital space, 10 although there are hundreds more. These are just a few that are representative. Google's offering within the ad network space is called Google AdSense. Now, ad networks earn revenue, much like a salesperson earns commission for bringing advertiser demand to the publisher. Now, as the digital landscape evolved, the number of publishers, the number of advertisers, and the ability to match that supply and demand scaled really rapidly. When you think about the global nature of the internet and also the increasing amount of time that consumers were spending online finding and discovering and learning about new things online. And so this introduced a plethora of opportunities for publishers to reach 20 audiences and a plethora of opportunities for advertisers to reach those audiences. Now, as demand sources started to scale for publishers and advertisers began to work with multiple publishers, including those that had direct relationships as well as those that they hadn't had direct relationships with, this introduced the notion of the ad server, which you'll see in blue and green on this slide. Now, for advertisers, the ad server is

a means to streamline ad delivery to many publishers and also to verify that the ads ran. Now, in a simple direct advertiser and publisher relationship, that isn't as necessary or as critical. But when you're scaling to many different publishers at the same time, this really made it easy to traffic ad creative as well as to verify that ads were running. And that's the main function that an advertiser ad server provides. Likewise, on the publisher side, ad servers are helping deliver the best yield for a publisher from all different demand sources as well as manage billing. And they do this for an ad serving fee. And so again, if you think about publishers

10 having demand sources that they're cultivating directly through a Salesforce or indirectly through ad networks and often multiple ad networks, the ad server really helps decide what's going to benefit the publisher the most in terms of driving revenue. Now, publisher ad servers really enabled websites to manage all of these sources of demand and decisioning. And again, here's a sample of some ad servers in green there among many more. Google's offerings in this space for advertisers is called Google Campaign Manager. And Google's offering on the ad server side for publishers is called Google Ad Manager. Now, around about 2010, 2011, even more technology started to develop. And so you think about

20 the proliferation of broadband internet as a great example. And as increasing technological innovation started to develop, new tools were created to help even more effectively and efficiently drive results for advertisers in terms of finding the relevant audience and also driving effectiveness for publishers in terms of finding the best buyer and the best value for that inventory. And so as technology improved, the industry

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developed a more real-time way of buying and selling these ad impressions that a publisher wouldn't necessarily sell directly. Now, this was called aptly real-time bidding. And this includes two main ingredients and two types of technology that develop. Demand-side platforms were developed for advertisers to buy inventory and sell-side platforms were developed for publishers to sell unsold ad inventory and transact in real-time on an ad exchange. And so you see that represented in the blue and green cogs in a wheel, I would say, on the slide there. So with that baseline in mind, I'd like to direct your attention to a couple of points. The first is

10 how common it is in the industry to serve both advertisers and publishers. As you can see on this slide, many firms with competing ad tech businesses, such as Amazon, Comcast, Criteo, Microsoft, and yes, Google, offer ad platforms and tools like ours that cater to both advertisers and publishers. Now, one reason it's common to serve both advertisers and publishers is because it benefits both parties. It provides better, more relevant matching. Integrated tech stacks make it easier to provide high quality connections. And it also offers more precise things around measurement and fraud detection. End-to-end tools that are built on a single infrastructure and share ads quality features enable a better and

20 more effective ads use case that help protect users, help drive more value for advertisers, and more value from publishers. And it also enables lower fees. In many cases, these integrated technologies allow shared infrastructure that allows us to provide those services for a lower fee. Now, while I'm on this point, it's worth noting that while we offer tools for advertisers and publishers, in our RTB product in particular, we run a fair

first-price auction where the highest bid wins, regardless of whether that bid came from Google or from a third party buyer. And so while I've just spoken about the benefits of an integrated technology stack, it also does not preclude, in fact, it encourages interoperability. Google doesn't prevent publishers and advertisers from working with their preferred ad tech partners. And in fact, interoperability has become a hallmark of the ads industry. One of the things that has been really interesting as I've spent so much time in the ad technology space is how much publishers and advertisers have enormous choice. They aren't locked into Google products, and in fact, they utilise many different products, often at the same time. An illustrative example of this is around, right now, we see the average large advertiser uses more than three different buying platforms at the same time. The average large publisher uses more than six sell-side platforms. And they transact on over 80 different ad exchanges globally. We actually conducted a specific analysis for South African news publishers, which we thought would be interesting to share here. And so we analysed 58, excuse me, 74 total publishers in South Africa, and we saw that 78% of them chose to monetise with partners other than Google. 15 of them use more than 100 different intermediation partners. Publishers such as the Daily Maverick and News24 use 197 and 135 sell-side platforms and ad networks, respectively. Now, this illustrates very tangibly the choice that publishers have to monetise their inventory with partners beyond Google. The methodology we used to conduct this analysis was something called ads.txt, which is an initiative in a public ad tech standard developed by the IAB, which is aimed at combating certain types of ad

fraud as well as providing transparency in the online advertising industry. It allows anyone to see the number and the specific types of ad technology providers that a publisher is using. So to sort of finish up with some of those key points, the key takeaways that I have from the ad tech landscape over the last 15 years are this. First of all, the ad tech system is quite diverse with many different ad tech providers to choose from. Multi-homing is very common for both publishers and for advertisers, and it's extensive on both sides of the ad tech stack. They do so in search of the best ROI. Second is interoperability. Google's ad tech products are highly
10 interoperable at all levels because our customers demand it. When running real-time auctions, for example, it's in Google's interest to bring together as many buyers and sellers as possible so that buyers get access to the most inventory possible and that publishers get access to the highest yield possible. If we weren't doing that, our products wouldn't be as interesting to our advertisers or our customers. Now, new entrants also is characteristic of this space. AdTech is very dynamic. Now, while there are a number of dynamic competitors in the space that we talked about on the slides a moment ago, we didn't spend any time talking about how dynamic things are changing in the app space with companies such as AppLovin
20 and Unity and more, or new entrants in the consumer space such as TikTok. Google also anticipates that AI will lead to a number of new entrants in this space. And then finally, innovation. One of the reasons I've stayed in this industry for so long is that the ad tech stack is characterised by innovation and it continues to evolve for publishers and for advertisers, whether that's on traditional web pages or in apps, increasingly in

connected television and more. And so it's a really exciting time to be in this space and anything before it. Now, from here, I'm going to turn it over to Duncan to talk a little bit about how we're making some of the tools and the technologies that are being used in the ad tech landscape more transparent to buyers as well as to publishers. Over to you, Duncan.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Thanks, Dan. And just to add my thanks right up front to the committee for giving us the opportunity to appear before you today and share more information about the ad tech industry and Google's role in it. I wanted to touch a little bit on transparency
10 in the ad stack, something that we've spent a lot of time working on and innovating around, both on the advertiser side and the publisher side. We really think that transparency is foundational and critical within the ad tech stack. And a lot of the perceived lack of transparency we see comes from the complexity of the ad tech stack itself and the fact that, as Dan has just talked about, it involves the use of multiple intermediaries who may not necessarily interact with each other. We also have to balance the privacy of end users as we're dealing with all of this. So as Google, we've responded in a number of ways to enable advertisers to better understand the performance of their ads and for publishers to better understand the
20 revenue that they're receiving from their inventory. So, for example, on the advertiser side, our ad buying tools provide extensive reporting. So just to give you a few examples, our auction insight reports let advertisers compare their performance with other advertisers who are participating in the same auctions. So key insights include things like impression share, overlap rate, and outranking share. This information helps advertisers

make strategic decisions about bidding and budgeting. Auction insight reports are available for search and shopping and performance max campaigns. Another example are first page bid estimates, which approximates what the cost per click or CPC bid is needed for your ad to show anywhere on the first page of search results when a search query exactly matches your keyword. An advertiser's ad could still appear if its bid doesn't meet this estimate, but it's less likely to appear on the first page of search results. And another one on the advertiser side is top of page bid estimate, which approximates the cost per click or the CPC, again, bid that is needed for your ad to show on the top of the first page of search results, again, when a search query exactly matches your keyword. So flipping over to the publisher side, Google Ad Manager provides detailed inventory performance and revenue data. So publishers who want additional event-level data can sign up for data transfer reports. As Dan already alluded to, Google was an early supporter of the IAB's ads.txt initiative by which publishers disclose who the authorized sellers of their inventory are. And a couple of years ago, we launched an innovative feature called confirming gross revenue, which enables advertisers and publishers to verify that no hidden fees are taken from digital advertising transactions and does that in a privacy-safe way. I'll talk more about that in a second. There are hundreds of publicly available Google Help Centre articles explaining how our ad tech products work, and this is a much greater level of transparency than Google's AdTech competitors offer. So just diving into then, one example that I mentioned a little bit more, confirming gross revenue. This is a tool that allows us to ensure no hidden fees. And if somebody could

advance the slide for me, please. I'm not seeing that slide yet. Thank you so much. So publishers can confirm their gross revenue by running a revenue verification report and comparing it to a buyer's media costs. So this solution promotes transparency and helps confirm no hidden fees are taken by the demand-side platform, the DSP, the sell-side or supply-side platform, the SSP, or any other intermediary. And the review can be done without risking user privacy or forcing anyone on the publisher or advertiser's side to reveal contractual details. So confirming gross revenue is intended for Ad Manager 360 publishers and some audiences like end

10 buyers, so an ad agency or an advertiser who are interested in comparing their media costs with a publisher's gross revenue. The DSPs, the demand-side providers, can create a report to show buyers their media costs and fees based on an agreed, what we call, revenue verification ID space as defined jointly with the buyer. And then the supply-side SSPs can ingest the revenue verification ID space from DSPs and create a report to show publishers their gross and net revenue broken down by revenue verification ID. So just to give you another example or a taste of, on the next slide, of the data that Google is sharing with publishers, you can see some of it here through Ad Manager reporting, we provide granular reports

20 to help publishers understand the value of their digital inventory, which advertisers bought ad space, and which strategies were effective. And the reporting tool within Google Ad Manager provides easy and granular access to all of the account data that publishers need to create actionable insights and successfully manage their ads business. And publishers can configure a range of dimensions and metrics to customise queries,

generate reports from predefined system queries and easily schedule and share query results. Publishers also receive an invoice from Google that gives them an itemised list, which displays revenue from both AdEx and third party exchanges separately. Publishers are then able to use yield group dimensions and metrics that are available in Ad Manager reporting to itemise the revenue per exchange or yield group. And we also offer an optional Ad Manager data transfer service, which provides even more granular reporting that relates to the monetisation of a publisher's ad impressions and non-aggregated pseudonymous data from advertising campaigns that have run on the publisher's website. This service is available for an additional fee. However, if the ad is non-personalised, I just wanted to point out, because the user did not consent to personalised ads and to protect user privacy, certain data transfer fields will be blank in that case. So hopefully this gives you a little bit of a sense of all the work we do to ensure transparency for both advertisers and publishers. So thank you everybody for listening to Dan and I present, and we'd love to turn it over to your questions.

CHAIRPERSON: Thank you so much, Dan and Duncan. And I hope, Benjamin, I had in my notes here, Ben, not Benjamin, so I don't know which you prefer, but you'll let me know.

MR. BEN JONES – GOOGLE ADTECH: Ben is just fine, although I typed Benjamin into that Teams link to be official for these proceedings.

CHAIRPERSON: Alright, great, Ben. Thanks so much. I mean, I just want to pick up and go through your slide deck a little methodically, and I think it has been useful. But just starting with the first aspect, where you say

publishers, and I just want to be clear, Dan, when you say publishers, it's not just news publishers, it's all website publishers, as I understand? Is that right? Just for the terminology.

MR. DAN TAYLOR – GOOGLE ADTECH: Yes, I would say all publishers that operate either partially or fully on an advertising based business model. And so while that includes many news publishers, it also includes publishers of all types. As I mentioned, there's health and general interest, there's entertainment publications, but generally speaking, we've seen over the last 20 plus years that the model of content discovery and access
10 online is largely enabled by an ad based business model. But yes, it is meant to be inclusive of news and other websites that monetise through advertising.

CHAIRPERSON: Alright, so just so we're clear, because I think just for the audience that can be a terminology that is confusing, but it's any website, including the commission's website, although I think we don't monetise.

MR. DAN TAYLOR – GOOGLE ADTECH: I'm not sure if you're selling ads on the commission's website. If you'd like to, let us know.

CHAIRPERSON: Yes, well, I think we're still at least assisting YouTube tonight, so that is to your benefit. I mean, I am struck by, I know you wanted
20 to point out that we're only dealing with a tiny part of ad tech, but I mean, it is striking that all of the websites in all of the web account for 9% of advertising. I mean, doesn't that strike you as a rather small number?

MR. DAN TAYLOR – GOOGLE ADTECH: Well, my understanding of the IAB study is that that is focused in on what we would call the programmatic advertising landscape specifically. And so these are ads revenue that is

transacted using ad technology, such as the demand-side platforms and the sell-side platforms that I described. And I think generally what I would take away from that is that the predominant advertising sales model on the web is based on direct sales.

CHAIRPERSON: And that is all your social media companies, YouTube, Google ads, I mean, they make up the bulk then of the advertising?

MR. DAN TAYLOR – GOOGLE ADTECH: I think it would be inclusive of, as you mentioned, platforms like Facebook or TikTok or YouTube or google.com, but also the Guardian and many other publishers around the
10 world that monetise through advertising. So the IAB study sort of looks at all of those publishers as publishers on the web. And then the transactions that we referenced in that slide were really about the tools that ad technology enables, programmatic buying, etc.

MR. DUNCAN LENNOX – GOOGLE ADTECH: So just to build further on that as well, what we see is that the majority of value or revenue that flows even through open display is through this direct sales that Dan is referencing. So that's where the publisher is transacting directly with the advertiser or ad agency as opposed to programmatic approaches like real-time bidding and so forth that we've talked about. And typically what we
20 see as well industry wide, and certainly we in Google see this, is that the publishers will do direct sales for their most valuable inventory. And typically they're taking the remnants, the stuff that they were not able to sell via direct sales, and that's what they're transacting through a lot of programmatic methods like RTB.

CHAIRPERSON: And I think that was in the stats, Duncan, that 5% is direct and then it's 1% guaranteed, 3% other programmatic auction. But the reality is 91% is going through Meta, Google, YouTube, TikTok. And why I'm just raising this is we had someone here from, I think it was Magnite, who said, well, users on their research spend over 60% of their time on the open web looking at these sites. And he was also struck by how disproportionate the ad revenue share compared to the viewing share has been. So I just wanted to get your insights as to why there is that disproportion, that a few, as he called it, walled gardens, which have a smaller share of attention actually have a disproportionate share of ad revenue.

MR. DAN TAYLOR – GOOGLE ADTECH: I can't speak to the source that Magnite was speaking to, but generally speaking, as an advertising practitioner for many years, the advertisers go to where consumers are spending time. And so where consumers are spending time are where ads are going to be most effective because you'll be able to reach those audiences. And so to the degree to which certain platforms have a higher percentage of consumer time spent, they can be more attractive to advertisers who want to reach those audiences. But I can't speak specifically to the stat that you referenced. I don't know if anyone, Duncan, have anything to add to that.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yeah, no, I would just say that we refer to, obviously, as we talked about the overall system as an ecosystem. And I think sometimes that's an overused word, but it's very applicable in this case, right? So for both advertisers, publishers, and

users, there's different components to the ecosystem. And as Dan said, advertisers are, one of the advantages of digital advertising is it's much more effective in terms of measuring the effectiveness of the advertising spend than more traditional models that we saw before digital advertising emerged. And of course, it still exists, like print, etc. And that allows advertisers to be able to measure exactly how effective their advertising spend is. And as Dan was saying, that will lead advertisers to what they find to be the most effective ways to engage the particular kinds of users that they're trying to reach with their message.

10 CHAIRPERSON: Yeah, and I suppose, Dan, the anomaly that is being pointed out is that advertising revenue isn't almost correlated with where people spend their time. It's disproportionate on the walled gardens. And I suppose the observations that were made was that maybe there's reasons for better user data, better other aspects, which allow them to draw the majority of advertising even without the majority of attention. But if you're not able to shed any more light on that, we can move on. But I think it's something that, yeah.

MR. DAN TAYLOR – GOOGLE ADTECH: I think the only thing I'd add to that discussion is that as advertisers also like to go find, go where
20 audiences are spending time, they're also looking for the most effective ROI that they can provide. And so to maybe connect that to our broader conversation, one of the main reasons that Google has invested so heavily in advertising tools for advertisers as well as publisher is to help connect advertisers with audiences where they are spending time across the web and in many ways helping foster that ad supported model that has made

the web so diverse and importantly interesting to consumers. And so we have both a mission driven incentive to be invested in these tools and that we want to make sure that information is accessible and useful to consumers. But yes, we also have a commercial interest in that, in that our core product at google.com is a search engine and a search engine with less diverse content that's discoverable around the web becomes much less interesting to consumers. And so we see that as a pretty critical part not only of our mission but also our commercials.

CHAIRPERSON: And I think, look we'll come back to this because I think
10 there's obviously questions raised about incentives and conflicts of interest, but I just thought it was interesting that you started with almost looking to say this is a very small part, but maybe that had a different implication for us. I just want to go then to your fees. And you had a slide, I mean, it was under the transparency discussion, I think, that Duncan was doing it. But, I mean, as I understand from stuff you've put in the public domain, your DSPs, so DV360, Google Ads, keep roughly 15% of the cost of the ads bought, and that is what was on your slide as well. I think you had \$150 out of it and then 1,000 ads bought. Is that roughly right? MR.

MR. DAN TAYLOR – GOOGLE ADTECH: So generally speaking, the
20 Display & Video 360 as a demand-side platform enters into contractual agreements with its advertisers. I believe the studies and the data that we put forth publicly while each individual contract is confidential ranges between 10 and 15% fee for operating and transacting real-time bidding programmatic advertising. There are other parts of the programmatic landscape such as facilitating direct transactions and so on that are far

less than that. But for the purposes of the use case of an advertiser buying unsold publisher inventory on an exchange in real time, 10 to 15% is a good rule of thumb. I think I'd add to that we've done both internal and reviewed third party studies that shows that our fees are in line with industry averages on the buy side.

CHAIRPERSON: Alright, and I assume where there is some slightly lower than the 15 is probably a big media agency or buyer that you will give some upside to. Then on the ad manager's side, the SSP, so the actual SSP function of selling the ad, and again, this isn't your direct sales. I'm just
10 looking at the programmatic. You have 20% fee that was on your slide, and I think it's in some of your public city as well.

MR. DAN TAYLOR – GOOGLE ADTECH: Generally speaking, again, in the use case of helping facilitate the sale of unsold inventory to buyers in real time that a publisher doesn't have a direct relationship within that arrangement, 20% is a good industry average as well as what Google charges.

CHAIRPERSON: And just so we see put out there on some of your help pages or support pages is you say, given these two, effectively publishers end up with 69 cents on the dollar for the programmatic component that
20 we've just talked about.

MR. DUNCAN LENNOX – GOOGLE ADTECH: On average, that is true.

MR. DAN TAYLOR – GOOGLE ADTECH: Yeah, I believe the stat that you're referencing was a look back analysis that we did in terms of actual transactions where Google was both the advertising platform that advertisers bought on as well as Google Ad Manager being the sell side

platform that the publisher utilised. And so those are the instances where we have complete transparency within our company to be able to see how those fees add up. And so 69% was the average in that study, which supports the general numbers that we talked about as well. I think what's also important to recognise is we don't necessarily have transparency into our advertiser tools buying on third party sell-side platforms or third party, or sorry, Google Ad Manager selling inventory to third party buying platforms. But again, industry wide studies tend to say that the averages that we publish on are in line with industry averages.

10 MR. DUNCAN LENNOX – GOOGLE ADTECH: And just to add to that, that I recognise that the question you specifically wanted to focus in on the programmatic piece of DSPs and SSPs, but it is worth noting that when you look at the overall, we're not talking about that as a percentage of all publisher revenue. When you look at the overall revenue, where the majority of it, of course, is typically coming from other sources like direct sales, the percentage of overall revenue is substantially smaller. We've seen that be typically 95% or more is retained by the publishers overall.

MR. DAN TAYLOR – GOOGLE ADTECH: Actually, Duncan, the 95% that you're referring to, I think is a specific study that we published when we
20 reviewed all of the transaction types for the top 100 publishers that utilise Google, sorry, top 100 news publishers that utilise Google Ad Manager. And it was a similar line of questioning that we had here, which in terms of there's a programmatic part of the business, which is in particular for large news publishers tends to be a smaller share of their overall ad sales. And

so looking at the complete picture is where that 95% number came from.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yeah, thanks, Dan.

CHAIRPERSON: Thanks, Dan, for that clarity. And so, I mean, we understand we have isolated two components, the DSP and the SSP sales, but the publishers are still charged the ad server fees on top of that from the publisher's side. And I think we heard we're looking at roughly, well, 10% plus a fixed fee based on your inventory side. So that might be additional costs that people are charged for the server in your depiction.

MR. DAN TAYLOR – GOOGLE ADTECH: So from an ad serving
10 perspective or ad server perspective, there is, I tend to look at the ad server and describe it as software as a service. And so this is an integral part of how an advertiser manages their overall advertising enterprise, particularly when they're buying across multiple publishers and also for a publisher, an integral part of how they manage and traffic all of the ad placements and commitments that they've made, whether it's sponsorships or direct sales, flighted campaigns versus things that are running all year. And the software is typically a less than 1% or a cents on the cost per thousand standpoint. And so those fees do operate separately and above the programmatic sort of real time bidding fees that you
20 mentioned. And so I think that's important to understand in that when we talk about like that 95% figure that Duncan mentioned, in many cases, especially in direct sold efforts, the only fee that ad technology takes in that regard is that sort of that less than 1% kind of software fee to manage the placement and trafficking of the ad as well as help with billing and verification.

CHAIRPERSON: Alright. The information we add is not less than 1%. The information that we are getting from publishers, and maybe they're not the giants of the world, but is closer to 10% plus a fixed fee on top of that.

MR. DUNCAN LENNOX – GOOGLE ADTECH: I think certainly, yeah, we'd be happy to take a look at those specifics and get back to you on them. Certainly what we see, I think, consistently is what Dan just said in terms of 1%. And the take rate that we talk about in the studies that we were referencing where it's approximately 30% overall includes those ad-serving fees already baked into that approximately 30% or so. But we'd be
10 delighted to dive deeper and come back to you on those specific numbers that you're hearing, but not consistent with what we see.

CHAIRPERSON: Yes, I mean, the publishers obviously here know what they're being charged, so they can speak for themselves. And they also say that isn't the SSP fee. That SSP fee is 20%, and that's separate, so it wouldn't include the ad server. But it also wouldn't include advanced ads and campaign manager just to take your depiction, Dan, from one side to the other.

MR. DAN TAYLOR – GOOGLE ADTECH: So I can say with near certainty, without knowing a specific use case or what ad server they're using from
20 a publisher or advertiser side. But from Google's perspective, I know of no advertiser paying a fee that even approaches 10% for use of our advertiser ad server. And I don't know of any publisher instances that are paying near to 10% on a publisher ad server. And so I'd be curious to know more about that. It could just be a matter of us not using the same terminology. But I think our contracts are pretty clear on that.

CHAIRPERSON: Yes. Maybe we're just small down here, so maybe we don't get the benefit of that. But I mean, I'm right in saying that it won't include the campaign manager, so the ad server on the advertiser side, as you put it? And as we understand, also, your advanced ads, which anything like dynamic video, audio, you will charge an additional \$0.12 cost per thousand, and it wouldn't include that either, the 30%?

MR. DAN TAYLOR – GOOGLE ADTECH: I'm sorry, I lost the math on that. If you could repeat.

CHAIRPERSON: Well, I'm saying we started with the DSP and the SSP,
10 and I'm just trying to look at the whole chain. So you've got an ad server on the publisher side. I'm talking about the ad server on the advertiser side, where you say the fees are unlikely to be 10%. But there's also, for any advanced ads, reading your policy, there is a fixed fee in terms of a cost per thousand of \$0.12.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: Are you talking about the advertiser fees or publisher fees?

CHAIRPERSON: We're on the advertiser ad server at this stage.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: Okay, so those would not be paid by the same folks?

20 CHAIRPERSON: No.

MR. DAN TAYLOR – GOOGLE ADTECH: So the way that I would talk about the fee sort of schedule across both sides of the programmatic advertising landscape would be that an advertiser will pay an ad serving fee if they are using an ad server, whether it's Google's or a third party's or another. If an advertiser chooses to utilise a demand-side platform, they

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will pay a fee that is different than the ad server fee for buying programmatically on publisher. And then on the publisher side, the publisher will pay an ad serving fee for the use cases that we referenced, and the publisher would also pay a fee to the sell-side platform for programmatic advertising sales. And so in that notion, there's four different points at which fees are charged, either by a buy-side provider or a sell-side provider.

CHAIRPERSON: That's our exact understanding as well. So thank you, Dan. And then what may be not part of yours or other ad tech is, of course,
10 a media agency fee. And we've heard from a number of media agencies, and their fees may also be in the sort of 5% to 10% range, depending on the value add they bring and the service they bring.

MR. DAN TAYLOR – GOOGLE ADTECH: Yes, I can't speak to specific advertising agency fees, other than that is the entire business model of the agency is charging a fee for their services, whether it's creative services, media planning, an account strategy, or media buying and placement. So, yes.

CHAIRPERSON: I mean, the reason I just wanted to go through this is, one can take the very narrow view of the DSP and SSP, or one can take
20 the broader view and look at the whole chain, which people go through. And I think we hear, for many of the advertisers at least, a media agency and the expertise is becoming critically important, given the complexity of the advertising space. But when we do the maths, you know, when we include the whole chain, we're coming to less than 50% makes it from the advertiser through to the actual publisher once all of those fees are

accounted for. And it can be anywhere from 40 to 50%, depending on the assumptions you make around the fees at each level. I don't know if you want to comment on that.

MR. DAN TAYLOR – GOOGLE ADTECH: Well, I don't think from an ad technology standpoint, I would associate a 50% fee. I think taking half a step back to just my time on the traditional advertising landscape, you know, agencies have historically taken commission for media buys that they place on radio, on television, on newspapers, and more. And they take that from the advertiser, right? The salesperson that sells the
10 inventory for the publisher typically gets a commission as well. The ad tech landscape has typically been a part of helping facilitate a lot of these transactions where you don't have a direct sales force. And so this is where we talk about a lot of that programmatic transactions where you are introducing buyers and sellers through the use of technology in many ways is akin to a sales commission for the technology services that are provided to bring demand that a publisher wouldn't be able to attract independently or hasn't attracted independently as well as inventory or supply that an advertiser is not discovering on their own. So we think that the fees that are charged in the ad tech landscape part of the transaction are mainly
20 focused on that unique value add that they bring. And again, I point to the fact that our fees are in line with industry averages and both from our own observation as well as through third party studies.

CHAIRPERSON: No, and we're also familiar with the traditional, in fact, because there was a price fixing case in amongst the media buyers. But that's only, it was around 16% in South Africa for most of that. I suppose,

Dan, the point I just wish to make is there are many intermediaries and yes, ad tech may not be all of it. It's a large chunk of it. I mean, we would estimate at least 40% of the 50% is ad tech. If you take the media agency out, it might be slightly higher. But from a publisher perspective, their concern has been this vast gap between what goes in at the one end from the advertiser and what comes out on their end. And it's not just what goes in and out of one particular component of the chain.

MR. DUNCAN LENNOX – GOOGLE ADTECH: I would just say overall, just the, I mean, I think we would respectfully disagree with the 40%
10 number. I mean, I think the 30% number for the ad tech components specifically and all of the ad tech components is what we see. And this is something that, you know, a number of other competition authorities have looked into in detail and found to be fairly consistent industry-wide and so forth as well. A few of the components that you're mentioning, like for example, the ad agencies where they're involved in creatives. I mean, this is obviously part of creating the ad in the first place. It's not, I don't think part of the dollars that would go to anybody else, whether it's the publisher, because the ad itself has to be created. So 30% is more in line with what we see, I think fairly consistently for ad tech.

20 CHAIRPERSON: Yes, I'm sorry. We've been plunged into darkness over here, but we're at least still online. So if you're just seeing a black screen, then I apologise. Maybe you can vaguely make out my face from the computer screen, but we'll fix it. I think someone just switched off the lights. So I think, you know, I mean, one can the whole purpose of the exercise is really to see the full chain and we can dissect and all of that. I mean, I

think the ad servers, we can discuss whether it's in or out the chain, but what I think is interesting is that your IAB PWC study, at least the 2020 version, came out with a very similar number to us. They came out with 51%. They subsequently revised their methodology to remove the media agency component so that they could uplift the share. But it's not dissimilar to where we've come out. And as I said, I haven't even included some aspects as well. So what has happened, I think, is we moved, Dan, from your traditional to now there's a lot more intermediaries in that chain. And I don't think it's removed the need for a sales force because the sales force
10 is still trying to do direct sales in any event, and that is the effort on the part of the news publisher, and certainly we hear that they're trying to do as much of that as possible.

MR. DAN TAYLOR – GOOGLE ADTECH: Yes, I think generally speaking with my own background working for a publisher, direct sales is the most favourable transactions type if I'm a publisher because I've built a relationship with the advertiser directly. It gives me the opportunity to upsell them into sponsorships or long term commitments or volume based discounting and more. And the unsold inventory, which is the inventory that a direct sales force either doesn't have the capacity to sell or there's more
20 inventory than was forecasted. And certainly that can be true in a dynamic internet based inventory environment is often moved to a reseller model or an intermediary model. And in that intermediary model, ad tech companies, inclusive of Google's but also many other players in the space, their business model is built on charging a fee for facilitating transactions between advertisers and publishers that I say don't know each other, but

don't have a direct transaction relationship and they utilise technology to make that process efficient for driving ROI for advertisers and for driving monetisation for publishers. And we're proud of the work that we do to drive effective results for both advertisers and for publishers. And we pour the majority of our fees right back into the infrastructure that keeps those tools operating for publishers.

CHAIRPERSON: And look, I mean, we will explore in confidential that this sort of margins in this ad tech stack. And assess that separately, but that's not for public hearing. I mean, I also just want to go to this transparency
10 on price because you've, I think you raised Duncan the confirming gross revenue. I think what we've heard from the media companies is they have no idea what's going in the one end and what they're getting out the other end, the exercise I was doing and where they don't know who's taking what along the way. But I mean, as I understand, confirming gross revenue is again looking at the most narrow list of transparency, which is what was passed from your DSP to your SSP and no more. Because as I understand it from reading your information on the web and your submissions, I mean, all that the publisher, so on their side, can check is whether the, on a basis
20 of an anonymous revenue code or revenue ID, that the payments by the DSP match the receipts from the SSP before they charge their SSP fee. They don't know what the DSP charged the advertiser, they don't know what the campaign manager charged the advertiser, and they certainly don't know what the media agency. So it's not a transparency, the full chain, it's just a kind of handover point transparency. Maybe you can just enlighten us on this.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Well, I'll let Dan jump in and add additional context, but I just started by saying that the goal of confirming revenue tool is to ensure that there's no hidden fees getting added in somewhere along the way. Right? So we want both the advertiser and the publisher to understand any fees that they are paying, but we also need to do that in a way that is privacy protecting of end users and of contractual arrangements that exist between different parties. So the advertiser and the ad agencies, for example, the publishers in relation to their rates and so forth as well. But Dan, anything you'd like to add to that?

10 MR. DAN TAYLOR – GOOGLE ADTECH: At the risk of oversimplifying, the advertiser knows the fees that they pay, they're contracted. The publisher knows the fees that they're paying, they're contracted. So what tools like confirming gross revenue do is to make sure that what leaves the advertisers buying door matches what the publisher receives after what their known sell-side platform fee is. And so it allows, and again, that's why it's perhaps overly simply called confirming gross revenue to make sure there isn't any hidden fees inside the transaction. And so that's one of the areas is that publishers are curious, are there fees being taken that the advertiser doesn't know about? Are there fees being taken by the publisher
20 platform that the publisher doesn't know about? This erases that doubt and gives the opportunity for publishers and advertisers to see for themselves. And so there isn't a lack of transparency in my understanding, at least from Google schools' perspective. Advertisers have very clear understanding of what they're paying for the tools that they contract with us for. Similarly on the publisher side, it's that programmatic transaction where there's been a

lot of questions about the intermediaries and the fees charged along the way. Actually, since we spent probably 15 minutes talking about that just here, it's meant to address exactly that question.

CHAIRPERSON: Yeah, and it addresses what it addresses. I think that that's clear. But it doesn't, I suppose when I read confirming gross revenue, I got excited because I thought, well, publishers are saying they don't know what's being put in by the advertisers, but it won't tell you that. And it won't tell you what fees are on the other side. But I just wanted to understand about the participation in this because, I mean, I understand the advertiser
10 has to create a revenue verification ID. Is that voluntary or is this a requirement?

MR. DAN TAYLOR – GOOGLE ADTECH: So advertisers and publishers can voluntarily choose to use confirming gross revenue. In addition to making it available in our programmatic tools, we've made the standard free to use for any other ad technology company and more or less donated the spec to the industry. In terms of how widely used it is, I don't have a public stat for that. But that's something we could probably follow up and get you some contextual.

CHAIRPERSON: Alright, because I suppose it's useful also just for the
20 publishers only if they know that advertisers have opted in. Because the, I mean, the feedback from the publishers, at least the news companies that we had in the hearings was that they can identify some of the advertisers. And this may be actual identification rather than just a revenue ID that is anonymous, but there's an enormous tail of unspecifieds that they have no

clue who is placing ads through their site. I don't know, Dan, if you can shed light on that.

MR. DAN TAYLOR – GOOGLE ADTECH: I don't quite understand the last bit of the question, but I can tell you that both the advertiser and the publisher both have to utilise this technology in order for you to see the results. And so you're correct, we don't force advertisers to disclose this information. We don't force publishers to disclose or participate in this. And so this is really about advertisers and publishers who both share a concern about transparency in the transaction chain and where that takes place,
10 you have the ability to see that. But no, it's not a compulsory requirement for usage of our ad tech tools.

CHAIRPERSON: And just, and it's not related to this particular tool, but I mean, when are publishers able to see who is advertising? So we can see that it's Nestle or Procter and Gamble or whatever. In terms of their own reporting, do they get to see that? Is that something that advertisers voluntarily also allow that to be shown to them?

MR. DAN TAYLOR – GOOGLE ADTECH: So my understanding of the question to be, can publishers see what advertisers are advertising on their site? The answer to that would be yes.

20 CHAIRPERSON: So it's which advertisers I suppose they can see.

MR. DAN TAYLOR – GOOGLE ADTECH: Yes, correct.

CHAIRPERSON: Alright. So I mean, we've got the revenue confirmation, which is anonymised, but you can also see sometimes who's actually advertising.

MR. DAN TAYLOR – GOOGLE ADTECH: Yeah, in fact, I mean, that's a lot of what the ad server helps provide is verification that the ads ran on both information back to the advertiser. I think that's a minority use case, but often that's a feature that's available to publishers using sell-side platforms. If they are worried that selling their unsold inventory at a price less than they're getting from a direct sales perspective could be used against them in a commercial negotiation from an advertiser, if that makes sense.

CHAIRPERSON: And hopefully we're a little more visible now. You know, this is a uniquely South African problem.

10 MR. DAN TAYLOR – GOOGLE ADTECH: Well, I didn't apologise earlier for getting up and getting my power cord because my laptop was about to go dead. That's what I was doing.

CHAIRPERSON: Thanks, Dan. I mean, we have seen that in response, I think I always get confused whether it's to the DMA or the DSA in Europe. You have introduced additional price transparency in at least DV360 and Campaign Manager, but that is unique to the European economic area. Is that right?

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yeah, we have, of course, we comply with the laws of the territories in which we operate. So as part
20 of some of the European Union regulations, we have provided some additional options as required.

CHAIRPERSON: And what additional transparency?

MS. DOMINIQUE COSTESEC – GOOGLE ADTECH: No, I was just confirming that's indeed the DMA, not the DSA.

CHAIRPERSON: And I just wanted to understand beyond the normal confirming gross revenue transparency, what is the transparency being included in terms of the DMA?

MR. DUNCAN LENNOX – GOOGLE ADTECH: I would have to get back to you with the exact details of what the additional items are unless somebody else on the call has that answer. I do not have that off the top of my head. I do know that it's an opt-in and it doesn't force, for example, advertisers to share fees, for example, with publishers. Some of the examples that Dan was just giving.

10 MR. DAN TAYLOR – GOOGLE ADTECH: Yeah, I would defer to the EU experts on the Digital Markets Act and Digital Services Act, but I can tell you that there are transparency provisions that are within the spirit of tools like confirming gross revenue that make it possible for publishers and advertisers to get more detailed information that they can utilise through, I think it's an export out of their software tools that they're using.

CHAIRPERSON: Dominique, are you able to?

MR. DAN TAYLOR – GOOGLE ADTECH: So I'm not a DMA expert on these specific articles, but you're right that there are sort of two, I think there are two articles in the DMA that sort of address this. And I think so
20 advertisers can buy side fees with publishers. I think they have to consent, but there are indeed two specific articles in the DMA. And, you know, I'm happy to check with my colleagues to sort of provide you more details on sort of exactly how we are complying with those. I don't know the full details of that. I'm happy to provide you.

CHAIRPERSON: So maybe I can help here just a little bit. I mean, so you need to provide or you are providing on a daily basis for each billable event level, the ads shown on Google, including the total amount paid to Google, so the entire amount, the buy side auction fee and some of the other pricing to create this payment. So it is a deeper look into the fees going through. I had a question though. I mean, why is this only rolled out in the European Union? I accept that they have a law on it, but if you're driving transparency, why do we want to limit the transparency for the rest of the world when you've developed this tool already? So it's just an oddity that I

10 just wanted to find out from your team why?

MR. DUNCAN LENNOX – GOOGLE ADTECH: I think I would say we try to be driven by the requests that we get from our various customers, users and stakeholders and prioritise that. We're certainly, I think, pretty confident that we're doing more on the transparency side than any other ad tech provider. And we always are open to feedback, whether it's from publishers or advertisers on more that we could be doing. In the case of the DMA, of course, it was a specific legal requirement that we needed to comply with. And we'll certainly be listening to the feedback that we get as a result of that from publishers and advertisers, not just in the EEA, but

20 around the world as well.

CHAIRPERSON: Yes, because I think it's, I mean, the reason we raise it is we've seen some other tech companies and probably less so Google, but in response to a finding in one country, they roll it out globally, I suppose acknowledging that it's likely to be a global issue. And because you've

designed something for your platform, it should be relatively easy to roll out unless you tell me otherwise.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Well, I think at the, firstly I'd say just technically at the scale that we operate, it's all complex, you know, so rolling out is non-trivial regardless of the number of territories we're talking about. I mean, again, overall, I'd say we want to make sure we're always complying with the laws of the lands in which we operate. There's also a number of privacy constraints that we have to balance as part of all of this as well. And as I was mentioning, we listen to the feedback
10 we get on these things. So we try to be very deliberate and thoughtful about it and make sure we're promoting the transparency needs of all the parties involved, which, of course, has privacy considerations as part of it as well.

CHAIRPERSON: No, I appreciate that, Duncan, and maybe you can listen to what's come through already in these public hearings about what at least South African publishers are saying. I did want to go back to direct sales because you did flag for me correctly that when we were talking fees, it wasn't direct. It was programmatic. So just so I fully understand, I mean, the ad serving fee applies whether it's direct or programmatic. It's the same
20 fee. Is that right?

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yes, that's generally correct.

CHAIRPERSON: And then because it's direct, there's no SSP function, so there's no SSP fee. Is that right, Dan?

MR. DAN TAYLOR – GOOGLE ADTECH: No SSP for the programmatic transaction, correct.

CHAIRPERSON: And we have heard about direct sales done through the ad tech, through the DSP, because there's tracking, rather than trying to do it separately. And from what we understood from one of the submissions, I think it was Caxton, that there the DSP does drop their fee from the 15% to I think they said point around 1% or so. I don't know if that is fairly accurate.

MR. DAN TAYLOR – GOOGLE ADTECH: I think that's fairly accurate. The
10 general characterisation to think about this would be if there's a direct sale between an advertiser and a publisher, there's a nominal fee that is the ad server fee, which we just covered. If there is an indirect transaction where the publisher and the advertiser don't have any sort of direct relationship, that's on the higher end of the fees, which we've also talked about in this forum. There's a space in between, which you're speaking about, which is I have a publisher and an advertiser who have a direct relationship, but they would like to facilitate that transaction through their buying platform. And so, yes, there is a fee for facilitating even direct transactions if they wish to utilise that. But the fees for that are much lower. And
20 philosophically, we think about that as another, this is a software fee, we're not actually adding unique value in matching the advertiser and the publisher for purposes of this transaction, but we'll charge a nominal fee to facilitate that transaction. And a good example of something like that, if the ad tech landscape wasn't confusing enough already, we call this category called programmatic direct, which is facilitating a direct transaction

programmatically so that they can apply things like frequency cap or certain audiences that they want to reach as part of that deal and get some of the features and functionality that are interesting about programmatic, but don't actually rely on the ad technology to do the matching between a publisher and an advertiser. So, yes, you will see much smaller fees for those types of transactions, but they do exist.

CHAIRPERSON: And then would the, just going beyond the DSP and SSP, the ad server on the advertiser side, so let's take your campaign manager, I mean, their fees wouldn't change just because it's direct or programmatic.

10 MR. DAN TAYLOR – GOOGLE ADTECH: Correct, completely separate. Yes. Same on the publisher side.

CHAIRPERSON: Yes. And so I just wanted to ask about that. I mean, from what we see and what we understand, the publishers put a lot of effort into doing direct sales and getting a much higher yielding ad, sometimes five or ten times the yield. But from a commission perspective, whether it's 1% or 10%, depending on where we come out, that doesn't change. So from the ad server side. So I suppose my question is more, I mean, it seems then Google's ad server gets the upside of the effort to raise the direct sale by the publisher and takes the same commission even if they were willing
20 to accept the same commission for something programmatic at a fifth of the price. I don't know if my question is clear.

MR. DUNCAN LENNOX – GOOGLE ADTECH: So just to make sure, to clarify, to make sure we're understanding, you're talking specifically about the ad serving fee component, right, in either case?

CHAIRPERSON: Correct.

MR. DUNCAN LENNOX – GOOGLE ADTECH: So where we're still providing the software stack that is doing the actual ad serving regardless of whether it was a direct sale or programmatic.

CHAIRPERSON: Yes, and if you're charging on a commission fee basis, obviously, and as I said, we hear closer to 10%. Dan says 1%. But, you know, either way, if it's 1% of R200 per thousand versus R20, and sorry for using rands, it's our currency. But, you know, there's obviously a lot of upsides if someone's selling direct on the ad server side for the same commission fee.

10 MR. DUNCAN LENNOX – GOOGLE ADTECH: I'd say I make two points here. Generally, the way we think about it, and I think the way it actually works, is the overall fees involved tend to be proportional to the value added, right? So if we're facilitating a connection between advertisers and publishers that otherwise wouldn't have existed, that's where you see those higher fees, the programmatic fees we were talking about. The ad serving component itself, I would think, a little bit more like a software as a service that we're providing, regardless of programmatic versus direct, etc. Does that make sense?

20 CHAIRPERSON: No, it does. But if I had to publish a site that's fully programmatic, you're getting a very low yield, and your commission is earning you a very low revenue. Where you've got a quality publisher like the news media that can get a lot of contextual advertising at a high yield, you're getting the upside too. So for me, it was just a question of even as a software as a service, it seems that there would be reason to differentiate those two situations.

MR. DAN TAYLOR – GOOGLE ADTECH: I think I understand the point. So let's take for a moment the publisher side, where publishers pay, again I keep using the phrase software as a service, because I think that's the most apt analogy. They pay a fee on a cost per thousand of impressions served. So that cost per thousand of impressions served doesn't vary, whether it's a direct sold ad or a programmatically sold ad. So you could have an instance where the ad serving fee that you're paying, software as a service, will vary as a percentage of the total yield. Is that kind of the question that you're asking?

10 CHAIRPERSON: Yes. So that is essentially.

MR. DAN TAYLOR – GOOGLE ADTECH: And so if you are getting a very high yield on a transaction, and let's say that's a direct sale for purposes of this example, then the ad serving fee as a percentage of the yield that you're receiving is much lower, right. Whereas if you're getting a low yield ad, maybe that's transacted programmatically, the ad serving fee remains the same. And so I will go back to the notion that an ad server is different than the sell side platform, which is different than the, you know, the programmatic exchanges. And so those businesses operate independently of each other. And so advertisers can and do mix and match
20 their programmatic providers and their ad servers. And so, in fact, I would think that linking the two of those directly while many advertisers will use our ad server and our sell side platform, many don't. And I don't think that the business model or publishers would be interested in anything that looked like a tying enagement there.

CHAIRPERSON: And I suppose, Dan, I mean, I don't want to get too far down this rabbit hole, but I mean, even as I said, even looking at a standalone ad server business, it strikes me as strange that my website with a lot of junk on it and programmatic would have the same commission fee as someone who's able to offer high quality contextual advertising at a high yield. The profits for the ad service certainly must be much better for that, those news publishers.

MR. DUNCAN LENNOX – GOOGLE ADTECH: But I would, I'd distinguish a little bit there. And again, apologies if I'm not here, but if we're speaking
10 to the ad serving component itself, you can think of that. It's a little bit simplistic, but you can think of that as there's a fixed cost for a set of to do the ad serving. And it's completely independent of the particular ad or the quality of the ad value or price for that ad in order to serve it. And that's why I was using more the analogy of the software as a service provider, where if you're purchasing some other software as a service, whatever it might be, your CRM or whatever, there is a fixed price for that per seat. That's regardless of the kind of business that you're running on it, for example. So we've spent a lot of money building our global data centres, significant infrastructure in order to be able to serve ads quickly, efficiently,
20 effectively, etc. And that's the component that I think we're talking about here. So it's a different piece of the business with a different business model, more akin to the traditional SAS model.

MR. DAN TAYLOR – GOOGLE ADTECH: Yeah, I think that maybe the piece that's not coming through in our ad serving fees charged and ad serving fees generated by the seller of those, they grow of ad serve, but

not anything like the quality or the ROI or the yield. That doesn't that doesn't vary. And so we're sitting here on Zoom today. If I were utilising Zoom to conduct a sales call with an advertiser who agreed to spend a million dollars or an advertiser that agreed to spend a thousand dollars, I still pay my \$9.95 a month for Zoom.

CHAIRPERSON: And sorry to tell you that it's Microsoft Teams, but I'm sure you didn't want to hear that. And maybe that's a story for another day. But just moving on to, I mean, you say you've got a number of people who serve both sides. And I mean, our understanding, at least of Microsoft, 10 because they were here, is they're servicing their own property. So that's the right terminology. So it is really more of a, let's say, a Microsoft selling on Microsoft Bing search or other properties. So it's more of that, a bit like Facebook selling on itself, where yes, you don't allow third parties to interact, but that's why they're sort of there. And we understand Amazon is pretty similar. It might have some additional network elements, much like Meta does. But is that your understanding of their businesses, too?

MR. DAN TAYLOR – GOOGLE ADTECH: My understanding of Microsoft advertising business, as well as Amazon's, as well as Meta's, is that they offer buying solutions that allow buying on their direct, or we often will call 20 it owned and operated platforms. But they all, all of the companies that you named, also offer the ability for advertisers to reach audiences on third party publisher partners, much in the same way that Google does.

CHAIRPERSON: Yes and those partnerships may be large or small, but yeah, it's through their own aspect. I mean, I just wanted to look at your setup, because you've got everything in the complete chain from servers,

ad servers on the advertising side right through. You've also got AdMob, which is for mobiles, as I understand. So there's no one component of the ad tech stack that Google doesn't have a presence. Is that correct?

MR. DAN TAYLOR – GOOGLE ADTECH: What was the last bit that you said about a presence? I'm sorry.

CHAIRPERSON: There's not one element to the ad tech where Google doesn't have a product, from ad servers on advertising through to ad servers on publishers, including also ad tech to mobile apps through AdMob.

10 MR. DAN TAYLOR – GOOGLE ADTECH: I've learned that there are very few absolutes in the ad technology landscape, particularly as it evolves. But I can say that Google operates an advertiser ad server. They operate an ad network. We operate a demand-side platform. We operate an ad exchange that's part of a sell-side platform. And we operate a publisher ad server. And so certainly there are emerging areas where people are spending a ton of time. And the app space is incredibly dynamic. The video space is very dynamic, whether that's connected TV or the emerging social and vertical video space. And so while we offer tools to help address all of that inventory, there's always something around the corner that is new and
20 emerging for us to look into. And, of course, we also offer own and operated advertising.

CHAIRPERSON: Yes, and I'm sure it will continue to evolve. We've now heard about digital billboards, which might start to follow me down the highway as your next adventure. I mean, I know you've probably got a global perspective. And I don't know how much you've looked at the South

African market, but the feedback that we have is effectively on the ad service side. This is Google Ad Manager. Google, they say, admittedly was first and thank you for that. But it has meant that at least down here at the southern tip of Africa, others have been slow to follow. But this is really a Google market. I don't know what your assessment is or if you're familiar with the South African setup.

MR. DAN TAYLOR – GOOGLE ADTECH: So most of what I've learned about the South African setup has been through the teams that we have on the ground here. I think the conversation that we started at the beginning of this portion of the hearing, I thought was actually pretty enlightening to understand the degree of competitive players and penetration that other providers have. And so I think the review that we did of 74 South African news publishers showed that there are many different providers that are in the space. In fact, 275 different ad tech providers have tags on the page in industry parlance on these South African news publishers and that over 30 different partners are being used on average. I think that really comes back to the multi-homing point that we made earlier, which is that when it comes to programmatic technology, it is definitely not a zero sum game. It's not a winner-take-all. It is, in fact, a space where you are not only competing to have your technology placed on a publisher's website, but you're competing in real time to drive the best yield for that publisher, often in real time. And so this creates a lot of opportunity for publishers to make sure that they are getting the best deal that they can and the best yield that they can. And so I actually think it's more of a feature of the ecosystem than a bug, if you understand that.

CHAIRPERSON: I hear you, but has the team on the ground told you about the Google share in the ad server market?

MR. DAN TAYLOR – GOOGLE ADTECH: I think we talked a bit about how the transactions end up playing out in terms of the buy side and the sell side and how much yield we're driving for publishers. The thing that I would tell you is that we're proud that we're delivering great results for our publishers and that they're choosing us to help them monetise. But we're always just one click away for a better monetising solution. And we don't feel that any of the tools that we provide or the interoperability that we
10 create creates a difficult, competitive environment for others to come in and innovate right on top of us.

MR. DUNCAN LENNOX – GOOGLE ADTECH: And even further than that, I mean, firstly, we don't have market share specifically numbers specifically for South Africa, which is building on what Dan was saying. It's literally a real time bidding situation where with the multi homing on both the DSP and the SSP side, it lets advertisers and publishers ensure they're maximising return on investment on the advertiser side and yield, of course, on the publisher side. So it's not even just a click away in each bid with multi homing. It's going to ensure, for example, the highest yield on
20 the publisher side. And that's regardless of Google's role in it, because the price, of course, gets set by the auction, not by Google or any ad tech provider.

CHAIRPERSON: Well, I just wanted to explore because, I mean, you don't know market shares, but we're told this is north of 90% ad server, Google ad server market. And what we're also told is, is that despite the existence

of numerous other SSPs and Dan, I mean, our information direct from the publishers is that at most they're using less than 10. So but I don't think we need to get caught up in the detail. That's who they say they've authorised. But whether it's 10, 20 or 100, I mean, what matters is how much business is being driven through those alternative channels versus Google. And I suppose the I'm glad, Dan, you've got some sense of the yields through the whole chain. But, you know, what every publisher has come and told us is that the vast majority of sales they make are through the Google SSP. So Google ad manager, AdEx and I get confused when to use the one and
10 when to use the other as they seem to merge. And when we speak to the advertisers, the same story, they predominantly use TV 360 and Google ads and not just a little bit. It's you know, again, in that sort of 80, 90 percent range. Is that aligned with your information from your team?

MR. DAN TAYLOR – GOOGLE ADTECH: So I don't have information on market shares, but what I can tell you is that because of the nature of multi homing, it's incumbent upon the advertiser to work as the best ROI. And it's incumbent on the publisher to use the publisher tool. And so in places where they're seeing more revenue from Google or more prevalence from Google's buying tools, that would be because we're driving best results. I
20 don't think there's any structural limitations for a publisher choosing to use a different technology or an advertiser choosing to use a different technology, you know, as evidenced by the amount of technology providers that are available. And so the success that we see in the South African market is solely based on the value that we're providing to advertisers and the publishers and nothing else. Agnieszka, I have to drop. I apologise. I

have an immovable commitment, but we're fully committed to staying on and making sure that we answer all the questions.

CHAIRPERSON: Thanks, Dan. I trust someone else can step in to your big shoes. Thank you.

MR. DAN TAYLOR – GOOGLE ADTECH: Thank you so much for the time. I appreciate it.

CHAIRPERSON: So I do want to continue this conversation because, you know, it would appear that if the majority of advertising agencies and media agencies are using DV 360 Google ads and the vast majority of publishers
10 are doing the same in terms of GAM, it follows that the majority of traffic in in Google ad tech or sorry, ad tech in South Africa is going through Google products. Is that a fair, a fair reflection?

MR. DUNCAN LENNOX – GOOGLE ADTECH: Well, I think I think the first thing is, I just have to reiterate that any information on market share so I really can't comment on that.

CHAIRPERSON: And I don't know if anyone else on the team is able to tell us at least, you know, within a decent range, because you don't want to get too specific, but what proportion of addicts auctions are won by DV 360 or Google ads?

20 MR. DUNCAN LENNOX – GOOGLE ADTECH: I think that's data that we have to come back with you to you. I'm afraid that's not information that I have to hand.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: I think if you have specific questions on sort of metrics or stats, I think we're having to provide

those, but it's probably easier to provide those to you in writing. I don't think we would have those sort of we would know those by heart.

MR. DUNCAN LENNOX – GOOGLE ADTECH: And, of course, that would not translate to market share. We don't have visibility necessarily into all the other SSPs out there that, you know, of the of the almost kind of 300 that we saw when we looked that these publishers are using in the in the South African market.

CHAIRPERSON: Well, look, I can tell you based on the submissions we've received, it's negligible what those other SSPs are doing. And that follows
10 from, you know, this is effectively a Google market.

MR. DUNCAN LENNOX – GOOGLE ADTECH: But I wanted to say this again to make sure I'm understanding. I mean, on both the buyer and the seller side, the auction is going to be won or the winner is going to be the one that's providing the most value to the advertiser of the best yield to the publisher. So that's a dynamic real time exchange and agreement on value that's facilitated, of course, by DSPs and SSPs, but is independent of the particular ad tech that's being used. We focus in in our ad tech stack, what we focus on is building the most innovative products, making them extremely easy to use on both the sell side and the buy side. And that's
20 how we can add a lot of value.

CHAIRPERSON: And certainly they've raised some of the interoperability and assistance, but this is where I do want to go to. I mean, Google AdTech is subject to an extraordinary number of legal investigations by competition authorities, some of which are concluded. So just to take one, the French authority, and that is a couple of years ago now, but found that your ad

server favoured addicts and that addicts favoured your ad server. It also found that you charged other SSPs a commission. I think there was also a finding from the ACCC, but you didn't charge addicts. And there were compatibility problems between addicts and other servers, which kind of forced publishers to choose your GAM ad server, because if a lot of the DV 360 was being pushed through addicts, then the only way of getting access to those quality advertisers was through having been. I think at that time it was double click for publishers, but I think you've renamed it GAM. And this was, as I understand, Google didn't even contest this finding from the authority and it paid a fine and agreed to some remedies. I mean, is that correct? We have enough legal counsel here.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: So that, yeah so it predates my participation. So I don't know the full details, but what I can say is that we entered into commitments with the French competition authority on some of these allegations. And those have been implemented across the world. So I think we consider that, you know, if they have concerns that those have been resolved by those commitments.

CHAIRPERSON: Well, I just want to question that, Dominique, because following that, the European Commission launched a similar investigation. So it would seem that whatever you did with the French was just with the French and no one else, because you're also fighting a case from the DOJ on exactly some of these issues as well. So are you telling me factually you rolled this out globally?

MS. DOMINIQUE COSTESEC – GOOGLE ADTECH: Yes. And I think the allegations are some there is some overlap, but some of the allegations are different. But yes, we rolled it out globally.

CHAIRPERSON: Well, let's just see what those remedies are, because I have to confess to being underwhelmed. You promised to improve your interoperability with other ad service. So what have you done for that?

MR. DUNCAN LENNOX – GOOGLE ADTECH: I mean, I don't have the specifics of the details to hand on our on our SCA compliance. I will say that, you know, the scope of the commitments was EEA wide and not just
10 France. And most of them have been implemented globally as well.

CHAIRPERSON: Alright. I think maybe if we could get a consistent answer,

MS. DOMINIQUE COSTESEC – GOOGLE ADTECH: I think it's all to be exact. And so I apologise because we weren't able to have our counsel on this call because they have no knowledge of the details on this. But I think it's all of the commitments, except I think one. I'm not, I'm afraid I don't know the full details of those, but I would be more than happy to find out and give you the full details of sort of what exactly which remedy was rolled out where. I actually believe that we did respond to some questions in our RFI on this as well.

20 MR. DUNCAN LENNOX – GOOGLE ADTECH: But we'd be happy to provide any additional clarifications and make it clear. And I just the more broad statement I would just say on it is we're super committed to the to the notion of interoperability. We think it's incredibly important within a healthy ads ecosystem. And, you know, we're always open to feedback that we get, whether it's engaging with authorities like yourselves or the

FCA or what we hear from advertisers and publishers. And we try to be really responsive to that as we go as well.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: They are also quite technical details, which is the reason why I don't know. But I believe we did respond to the questions in the RFI on this and happy to provide details on sort of further questions.

CHAIRPERSON: But, I mean, one of the behaviours is that you fed the rival bidding information to your own. You know, addicts exchange and the DSP site so you could actually win the bids. I mean, that doesn't that reflect
10 a profound conflict of interest and a rigging of effectively a bidding situation?

MR. DUNCAN LENNOX – GOOGLE ADTECH: Well, to be clear, we certainly reject the notion of any kind of rigging or anything nefarious like that. And we certainly didn't admit to any wrongdoing as part of our settlement with the FCA. I was not involved in the specific technical details of it, but we're more than happy to dive into that with you and come back with specific answers to any further questions you have. And I apologise. It's just a level of detail I don't have to hand.

CHAIRPERSON: Yes because, I mean, these are the similar allegations in
20 the DOJ case. And so I suppose I would be surprised that you've settled there, too, but will not settle there but changed. But, I mean, they say that the way it was set up, because you can share information, your addicts was allowed a last look. And you actually used the data of bids from others to win and ensure that your DSP could win bids. So it used information that you were privy to because you're on both sides of this auction and you

have that privilege, which others may not. So it seems to be something that has taken place with Google. You've settled in France. Who knows where you'll go in the US?

MS. DOMINIQUE COSTESEC – GOOGLE ADTECH: I don't think we accept the allegations of DOJ on this.

CHAIRPERSON: No, you may not, but you haven't contested the French authority on this. So you apparently made commitments to not use data from other SSPs in your own bid. That was part of your settlement. What that means, I'm not sure and how it's acted on. But that is, I suppose, at
10 least very much an admission that that you're not going to do that in the future. And it may have happened in the past.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yes, certainly. Just like I can say that our, you know, our agreement with the SCA was not an admission of any wrongdoing on our part.

CHAIRPERSON: No and I think, as an authority ourselves, we're very familiar with why those settlements get done in that manner. But I mean, what I find interesting is, is that the authority did highlight a whole lot of other issues, which they didn't necessarily make a finding on and which we're not subject to remedy. But they highlighted a general lack of
20 transparency, preferential interoperability from DSP side into the SSPs and the addicts. And then, of course, profound conflicts of interest of being, in a sense, dominant on both sides of this market. Maybe I can just get your perspective on that, those observations from the authority.

MR. DUNCAN LENNOX – GOOGLE ADTECH: I would just say overall, again, I'm not familiar enough with the specifics there for today to get into

them, but we're clearly very focused on maintaining a healthy ads ecosystem. And that means we've got to balance the needs of publishers of advertisers and of users. And Google is actually unique in big tech and the importance of that to our business as Dan talked about earlier. And so we'll be happy to follow up with you if there are specific questions in relation to any of that that you have. But from our point of view, we are very focused on transparency. We're very focused on interoperability. We think it's healthy and always willing to take feedback from any of the partners and stakeholders involved on things they think we could be doing better.

10 CHAIRPERSON: Look, I think I mean, maybe the only observation from us is you may have strayed from the straight and narrow in the past. Maybe you're saying you're going to fix that. But what we're starting to observe, at least globally, is a resistance to such behavioural remedies, because in both the EU and the DOJ case, they're calling for a breakup of Google AdTech and to separate the DSP side from the SSP and ad service side. Is that not the case?

MR. DUNCAN LENNOX – GOOGLE ADTECH: Well, I think, as you can probably appreciate, I'm not going to speak to ongoing investigations that are happening in other jurisdictions right now. We engage proactively and
20 positively with, you know, with any of the regulatory bodies that approach us.

CHAIRPERSON: No, I appreciate you don't want to talk about ongoing litigation. It was more an observation of what they have put on the table because you are willing to make some behavioural changes with the European Union. I think you are willing to, for instance, reopen YouTube to

third party DSPs, but they've rejected those and they are going for breakup. So it's not the merits of that. It's just more factually where the EU and DOJ sit. But sorry, Dominique, you wanted to come in.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: Yeah, so I think what you mentioned is a slightly separate issue. I don't think that is part of the statement of objections that I know that is not part of the statement of objections of the EC. You are correct that the EC has in their statement of objections requested structural remedies. I would say that that case is still ongoing. So it's obviously we cannot comment on where that will go.

10 CHAIRPERSON: No, obviously. And we'll see what happens. I just thought it interesting for our process that that those are typically reserved. Structural breakups are reserved for quite inherently problematic structural market problems. So it was interesting and may at least make us think about some of what's going on. But I want to move away from that just slightly. But I mean, part of what that raises, in a sense, at least the one allegation is this issue of information sharing. And Dominique, you remember when we discussed search, we discussed the information sharing on the Google platform. And I mean, Google sort of said they use the information shared by sites and apps to deliver its services, maintain
20 and improve them, develop new services, measure the effectiveness of advertising, protect against fraud and abuse, and personalise content and ads that users see on Google and on their partner sites and apps. So this covers all your third parties that you do ad tech for. It might include your advertisers, but there's no legal restriction on you sharing information amongst Google subsidiaries. If you can cite some sort of legitimate

purpose, you don't need to go and get third consumer consent or other third party consent. Is that correct?

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: Well, that's a very broad statement. I certainly would not be able to confirm that that's correct. I mean, I will say a lot depends on which country. I mean, in Europe, that certainly would not be correct. I'm not sure what laws there are in South Africa on this, but it's definitely not the case that we can just share information without asking consent. That's a very broad question.

CHAIRPERSON: Yeah, no fair enough. It's a broad question, but you do
10 share across all your properties. I mean, for Google Discover, you look at what people are searching for on YouTube, what they're searching for on Google. I mean, these are all access to information you have. But we've just heard that you were sharing bidding information from other SSPs that your ad server would have received. And you've shared that with your own SSP and DSP.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: So I think now we're
20 mixing up many different kinds of information. So, you know, sort of, it's not the case that there's sort of a big bucket. I mean, there is, you know, there's consumer data, there is bid request data. I mean, I think those are completely different types of data. And I think, you know, different things may get shared with different products for certain specific needs. But I think, you know, it's not, I think we shouldn't be confusing sort of all these different types of data because they can be very different.

CHAIRPERSON: Fair enough. And maybe let's hone in on ad tech. I mean, through your Google Ad Manager, you will know from all the publishers what the inventory levels are, correct?

MR. DUNCAN LENNOX – GOOGLE ADTECH: For inventory that they are making available to us to place ads against of course, is very dynamic and changing literally in real time.

CHAIRPERSON: No, it may well be changing, Duncan, but you have that. You also have information on what they've secured through direct deals in terms of cost per thousand or cost per click. You would have also
10 information on the same cost per thousand or cost per click for inventory sold through your programmatic advertising. I mean, you would have all of that information, correct?

MR. DUNCAN LENNOX – GOOGLE ADTECH: I'm not sure that that's completely accurate. I'd need to dig into the details of it. I mean, it very much depends on how they're using our products, whether that's on the SSP side or the DSP side and so forth as well.

CHAIRPERSON: Well, I mean, your ad server must take and through your SSP or other SSPs, take the bids, place the ads. You'll know what they've been sold for because you report to the publisher on all of that.

20 MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: I'm not sure we would know, for instance, the pricing of a direct deal. We may know, for instance, perhaps the volume, but not necessarily the pricing. So I think and I think, as Duncan says, it would depend on how the publisher uses their ad server, but I don't think we would necessarily know if it was, for instance, a direct deal. We would not necessarily have all that information.

CHAIRPERSON: But you probably would, Dominique, with all due respect, because you charge them based on what those payments are. So it's a bit like Google Play knowing what the transactions are because it's processing them. So in order to build these customers.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Just to clarify, I mean, that's not how it works for the ad serving fees, as we were talking about earlier. It's the fixed fee per thousand is the advertising fee. So in that case, we wouldn't have access to the pricing information.

CHAIRPERSON: And I think, Duncan, we may be stuck on a dispute
10 around the fees because what we've been told by news agencies here is they pay a variable and a fixed fee. But be that as it may, I mean, direct is not that important. I mean, you would certainly have for those that have gone through programmatic, you would have to have because you have to select the winning bid and then place the ad and transfer money. So you have all of that information.

MS. DOMINIQUE COSTESECC – GOOGLE ADTECH: Yeah. So I would just say that I disagree that direct is not that important.

CHAIRPERSON: That's fine. So it's quite possible that you could share that information. I mean, we have a case where you have settled
20 admittedly without admission that that you did share bidding information. You had that. So it is possible that you are in a position to share that information through your ad tech properties?

MR. DUNCAN LENNOX – GOOGLE ADTECH: I guess I'm not sure what share means in that context and what the what the business purpose would be, etc. I mean, again, these are broad, complex products that are

being used in a lot of different ways by both advertisers and publishers.

So, you know, that's a super general statement, I would say.

CHAIRPERSON: They may be a super general, but let me give you an hypothesis. If you know the inventory on most of the South African websites and the kind of bids they're getting, you're also selling enormous amounts on your own properties. It might be of interest to know what the inventory levels are and what some of the pricing is out there. I mean, that's simple. I suppose competition economics 101.

MS. DOMINIQUE COSTESSEC – GOOGLE ADTECH: So what do you
10 mean by the inventory levels? Do you mean the volume of inventory that they make available?

CHAIRPERSON: Yes. So the quantity of inventory that might be available in the market, apart from on your properties. All I'm saying is that you have the ability to share an enormous amount of information within Google, some of which you had been sharing and they pledged to stop already.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yeah, I mean, I would
come back to the fact again that even on, you know, owned and operated properties, all the prices are set by auctions. So set by advertiser bids. So, you know, it's a free and fair auction that ultimately leads to the to the price
20 that is set.

CHAIRPERSON: Yes, but as an economist, you know how much quantity of inventory is available in the market at a particular time also starts to affect bidding the various options that are open. Can I just go back to, I mentioned the YouTube thing that you made this offer to the European Union. I think you made that in 2022. But I haven't been able to find out

why you closed off third party DSP access to YouTube in 2015. What was Google's rationale for what was clearly open and working to shutting it out?

MR. BEN JONES – GOOGLE ADTECH: I think that's one where I can potentially jump in. Obviously, as Dominique said earlier, we contest the allegations that the EC and the other and the other authorities have made in this space and can't comment on that active litigation. But because we explained to the market at the time, I believe it was in early 2016, there were significant privacy and security concerns with having our TV inventory available to third party DSPs on YouTube. It also was coming at
10 the expense of product improvements that we could make to the product we were offering to advertisers to try and drive the most ROI for them on the YouTube platform. And we took the decision at the time, particularly in the interest of protecting our users, privacy and security, to move that buying to a buying door where Google was able to do everything we could on the privacy and security front. It also allowed us to devote more resources to improving the quality of the advertiser facing product. And it's driven some of the innovations in the TrueView ads on the platform that you've seen since that.

MR. DUNCAN LENNOX – GOOGLE ADTECH: It's also owned and
20 operated platforms, you know, use their own buying tools as well. So Google is not unique in that regard.

CHAIRPERSON: It may not be unique, but just to Ben's point, I mean, how come that reasoning doesn't work for third party sites? I mean, you get around the privacy, you get around the interoperability, you get around the

innovation, you've done products. So I'm just trying to understand why it's not necessary for one, but it seems necessary for the other.

MR. BEN JONES – GOOGLE ADTECH: Yeah, I think there's a couple of points that I would make. I think first and foremost, I'd come back to what Dan said earlier in the presentation that, you know, Google is perhaps uniquely situated in the lengths we go to try and optimise what we're doing for publishers, for advertisers and for users. And that includes users on our platform and users across the open web. And it's a shifting balance across all of those platforms to do everything we can to maximise the value for
10 each of those three constituencies. And we're, you know, we've used this metaphor sort of throughout today about an ecosystem. And that ecosystem is constantly evolving. Things are changing. There's new entrance into the ecosystem. There's new vectors of potential privacy and security problems. And we're always doing what we can to try and deliver the best for all three of those constituencies. I think the other thing to keep in mind too, is that although it is part of Google, YouTube is a publisher in its own right. And YouTube has the ability, just like all publishers do, to try and balance, you know, it has its own smaller view of users and advertisers and itself as a publisher. And it's able to make decisions, you know, within
20 the context of Google about how best to strike that balance as well. And I think, you know, you've seen a tremendous amount of innovation on the YouTube platform since then. The formats have evolved. The different experiences that YouTube is able to deliver to consumers have evolved since then. And I think importantly, you know, including for both for large advertisers, but also for many small advertisers around the world, the value

proposition that YouTube is able to deliver to those small businesses has expanded as well.

CHAIRPERSON: But it seems from the offer to the EU that you made, it's possible to separate this.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Unfortunately, we can't. We can't comment on that ongoing case or the media reports about the offer that we might have made. I think we'd come back to the point that it's a substantive matter. We disagree with and contest the allegations that the EU has made and other regulators on this point. And we can't say any
10 more on that yet.

CHAIRPERSON: But maybe with my economist hat on, just explore what it also does. I mean, what it also does is remove DSP competition for YouTube inventory. And that might or may not have bid down prices on the DSP side. It also just hearing the media agencies that have come here, it has enormously strengthened DV360. They don't like to use too many DSPs because they like to have a uniform reporting across and YouTube is immensely important. So it has been a factor that's played into their choice of DV360s position in the market. So it seems to have had some other potential consequences that might have to be weighed up against
20 your privacy and other concerns.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Can I just comment on that? There's a very significant amount of multi homing that goes on the DSP side. So I'm not sure that what we actually see happening in the marketplaces is borne out by your assertion.

CHAIRPERSON: And Duncan, I would invite you to look at what's happening in South Africa. I think it may surprise you.

MR. DUNCAN LENNOX – GOOGLE ADTECH: No, we certainly welcome, as we always do, the feedback that we're getting and that you're getting from folks in South Africa and we'd love to understand that more. But certainly that's not what we see overall.

MR. BEN JONES – GOOGLE ADTECH: Yeah. And I would just come back to the to the ecosystem metaphor again right. I mean, even if you go back in time to how it existed in 2015 and 2016, YouTube was a small fraction
10 of the available video inventory around the web. And even more broadly, if you count, you know, if you count competition from linear TV and other sources of video. But since, you know, and at that time, no one had heard of TikTok. No one had heard of reels or all of the other short form video platforms that exist now. And the connected TV space was very different. This is an extremely dynamic ecosystem and YouTube remains a small part of it. And the in-stream ads on YouTube are an even smaller, smaller part of that. And, you know, I think we're committed to continuing to improve these products to make them great for our users and also to deliver the most value for our advertisers. But at the same time, they're
20 evolving in this ecosystem as well. And we're very focused on that.

CHAIRPERSON: Yeah, maybe. I mean, Duncan, I'm not going to labour on it, but we heard from global media companies or media agencies, some of the big ones who say in in South Africa, because it's a Google ad manager market, their behaviour is different to what you may see in another part of the world. I mean, I think the challenge, Ben, just on the

privacy argument, I mean, I don't want to invoke another competitor of yours, but I think I have to, which is this is the standard Apple walled garden argument, which is don't touch us because if you do, everything will fall apart and privacy and piracy and all of those ills that you hate. And I think as a catch all defence, it's it seems to be something that's wearing thin with some of the regulators, at least because they seem to be other ways of protecting privacy and innovating still.

MR. BEN JONES – GOOGLE ADTECH: Yeah, I'll go ahead and then and then feel free to follow up. You know, I would say, notwithstanding the fact
10 that I have a pair of Apple ear pods in my ears, I mean, first and foremost, we can't comment on the regulatory scrutiny that they've faced around the world. But I'd also say that when we think about user privacy, we don't necessarily think about it in relation to other companies right. We're not trying to be just one small step ahead of our next closest competitor on privacy. Duncan spends virtually his entire working week thinking about these things. And our goal is to always be best in class and always provide the safest, most secure experience for our for our users, particularly now. And I think then I would bring it back to the point earlier about, though, that it's a balance right. We have this sort of Venn diagram of our users in the
20 centre and advertisers and publishers on either side. And we're constantly trying to find the sweet spot that that is the best for our users and provides them wonderful experiences when they're on our products and platforms, but also being cognisant of our role in the ecosystem. And we have big content creators on YouTube and small content creators, many of whom are able to monetise through that platform. We also have everything from

very large brand advertisers to small SMBs in, I think, in virtually every country in the world who are able to find audiences on that platform and help their businesses. And we're always doing what we can to find the best experience for all three of those groups.

MR. DUNCAN LENNOX – GOOGLE ADTECH: Yeah, I mean, I am I don't think I could say it better than Ben just did. I mean, as Ben mentioned, this is what I spend a lot of my time on, and I think it really we do really take our role to be a good steward of the ecosystem very seriously. And that does involve, of course, trying to get the balance right between user
10 privacy, the needs of publishers and advertisers and effective, healthy digital advertising ecosystem, which itself fuels great quality content, which is then a value to users and so forth. And there is no simple answer or binary answer to this. It varies greatly on a case by case basis. It changes as the technology evolves, as user needs evolve, as how users choose to consume content, etc. evolves. So what we try to do is constantly make sure we're evaluating and reevaluating and get that balance right, because the whole system doesn't work if we don't get it fundamentally right. We place a very high value on creators and publishers like news publishers in South Africa. You know, we see and believe in the good for society that,
20 again, to use example of news publishers in South Africa, bring to the world and try to find effective ways to balance all those needs. It's certainly it's certainly not simple and an ongoing issue every day, but we're very committed to continually trying to get to the right answer and evolving as conditions change as well.

CHAIRPERSON: Thanks for that, Duncan, and I'm just also wary of the time. I just had a few more things. I just wanted to pick up the third party cookie issue, which Google has got the privacy or the privacy sandbox, I think you've called it. But as we understand this arrangement, which is with the CMA, but let me just confirm this is being rolled out globally.

MR. BEN JONES – GOOGLE ADTECH: So the Chrome team owns the privacy sandbox initiative, and they have, they did begin in January, a 1% rollout, which was which is global and is a randomized distribution of users.

CHAIRPERSON: Alright. I just want to confirm that one was global
10 because I think some of the DSPs that came before us did say that they also understood it was going to be global. So thank you for that. I mean, as we understand, the concern is that because Google does have all of these different companies, its insights into users' data far exceeds what others will have once third party cookies are terminated. Google can through Google login or their device on Android ID can track a user from one website or app to another. And so you might have unique insights. So as I understand, the commitment is basically apart from trying to create these, let's say, interest groups. So it's not individualised, it's more group and hence, anonymised. Google is also committed to not sharing
20 information itself amongst its different components, either within AdTech or within Chrome and YouTube and wherever else. Is that a correct understanding? Maybe, Duncan, you can take us through it.

MR. BEN JONES – GOOGLE ADTECH: So maybe let me take a step back and talk about the origin of privacy sandbox and what we were trying to do for the ecosystem and balance privacy needs with the need for

content creators and publishers to be able to effectively monetise their content. What we saw was changes going on in the ecosystem from other browsers and operating systems where they had put anti tracking mechanisms in place, including eliminating, in some cases, the ability to use these so-called third party cookies. But without any effective way for publishers like the news organisations in South Africa to be able to continue to effectively monetise in a post third party cookie world. So the Chrome team working across the industry with a lot of ad tech providers and Google ads being only one of those and developed a solution that is
10 designed to shift some of the technological work that goes on into the browser. That's what the privacy sandbox is in a way that preserves the privacy of the individual users but provides in a non-identified non-user or device specific way away for advertisers and publishers to be able to effectively reach interest groups. They want to reach in the case of advertisers and be able to get value, monetise their content from the publisher point of view. So that's really the goal of it. It's part of our ongoing work, as we were just talking about. So that that's really the goals of the project.

CHAIRPERSON: But is there a commitment for Google not to be sharing
20 internally information that it can effectively track an individual user regardless of what the industry solution may be?

MR. BEN JONES – GOOGLE ADTECH: I believe what we have committed to with the CMA is part of that is that we, Google, once third party cookie deprecation fully goes into force, we will not attempt to recreate that mechanism in a different way, like with a personally identifiable way, which

many others in the industry do, but we have made the commitment that we will not.

CHAIRPERSON: So you won't track me as I move from one website to another after I've logged in with Google? You somehow keep that information separate from yourself? I'm just trying to understand what this means.

MR. BEN JONES – GOOGLE ADTECH: I'm not sure if that's the I'm trying to translate the question into what we're trying to achieve with the privacy sandbox. And, you know, users who are logged into Google services
10 already have control over how they want their information to be used, including things like location, whether they want ads, personalisation, whether they want YouTube history or not, and so forth. So we already provide extensive controls and transparency to users around how their data is used. That's somewhat separate from, and we already do that from what privacy sandbox is trying to achieve, which is which is more about third party cookies and not trying to come up with a replacement for those by another name.

CHAIRPERSON: Alright, so it's not a commitment then not to follow me around if I've given if I've not opted out to personalise ads or opted in, it's
20 just you're not going to create a similar third party cookie for yourself?

MR. BEN JONES – GOOGLE ADTECH: Well yes, so well, perhaps if I'm understanding your question, what we committed to is that there will be no special privileges, if you will, for Google's AdTech versus any other ad tech provider. And as I mentioned, we would not we Google would not attempt to recreate a personal personally identifiable mechanism that was

effectively a replacement for third party cookies that did not preserve user privacy.

CHAIRPERSON: Alright, I think I'm better understanding this because you obviously have a user profile of everyone and you might have a device profile as well. If I'm on an Android phone, you would know from the device ID, but what you're telling me is that if someone visits the SABC website, you won't use your knowledge of my profile, which includes all my interests in my history to help serve an ad on their website that may have linked to my interests or history? Is that, is that a correct understanding?

10 MR. BEN JONES – GOOGLE ADTECH: I'm not sure I fully understand the particular scenario that you're talking about there. Would you mind kind of maybe diving into it a bit deeper?

CHAIRPERSON: So Google naturally has a profile on me, James Hodge. You know what websites I visited recently, you know what I've been searching for, you know what's in my email, you know a lot about me from your products and you keep that profile. You use that to sell, depending on my permissions, to sell advertising on your products. So be it search or be it discover or be it YouTube. I suppose from ad tech for third parties, you're not making that available to other publishers, you're only using it for sales
20 of advertising on your own properties. Is that correct?

MS. DOMINIQUE COSTESEC – GOOGLE ADTECH: So if I just may like, I just I don't think that this is what privacy sandbox is about at all. I think, so my understanding and I'm not at all a privacy sandbox expert and I think one of the difficulties about this session that we're covering a very broad span of very different subjects that I think are being handled by sort of very

different teams. So I do hope you bear with us and we're really doing our best to answer these questions. But what is happening with privacy sandbox is that traditionally a lot of, you know, the more sort of targeted forms of advertising have been based on cookies, cookies that websites place on, for instance, I don't know your device or your browser, I'm not sure exactly how that works technically. And so the idea is that now, you know, as you may know, there are some, for instance, Apple has stopped accepting cookies. And I think the question is, well, in a world where no more cookies are available, what other ways can publishers have to still
10 do some targeting? And so I think that is what privacy sandbox is doing. It's sort of creating these categories that then publishers will be able to use or advertisers will be able to use for advertising, but without sort of the revealing anything about, and that is sort of more respectful of the user's privacy. So it's finding a new way that will, you know, in a world where there are no cookies, finding new ways to allow targeted advertising in a more privacy safe way. That's, I think that's all that privacy sandbox is about really. But Ben, maybe you can be more precise about this.

MR. BEN JONES – GOOGLE ADTECH: James, let me try and be a bit more helpful and then happy to, if you want to reframe the question, happy
20 to. You know, I think as a first matter, I understand the sense of where sort of the foundational premise of your question was coming. Although I think we would disagree with the notion that Google is necessarily using all of the data that we collect on our own properties for purposes of ad targeting. You know, for example, you said, you know, Google can read all my Gmail messages. We've unequivocally committed that we don't use Gmail data

in that way for advertising. But assuming a kernel of truth that Google has, if you're a logged in user with a Google account, Google has some amount of information about you, like your search queries or YouTube video views that we could in theory use for ad targeting, either on our own properties or on the web. I think as Dominique was getting at, one of the foundational premises of the privacy sandbox is we've made a commitment that we won't use that first party data that we've collected on our own properties as a substitute for third party cookies so that we could show you an ad when you're on the commission's website, for example. That, you know, we are committed as an advertising business to working within the information that the Chrome team is going to make available to all third party ad tech players for purposes of showing ads within the ad tech ecosystem around the web.

CHAIRPERSON: I think you've hit the nail on the head, Ben. Thank you so much. I think we're on the same page and we can obviously get more details. But as you rightly say, I mean, you know, these are such highly technical areas. It helps sometimes just to simplify it to know what exactly is. I just had one last area, which was just about, you know, the publishers have raised this issue of ad fraud and click fraud. And as I understand from what I understand, what Google's saying is that you will seek to detect invalid traffic. And I mean, just correct me if I'm wrong. This is a Google AdTech function, not a Google web function. This is the DSP DV360 says if we detect click fraud, for instance, some bot clicking away thousands, then we will also reimburse or not charge for those that clicks. Is that right?

MR. BEN JONES – GOOGLE ADTECH: That's correct.

CHAIRPERSON: And I think you try and find it in real time, but if you don't get it in real time, you'll give a credit to the advertiser. Is that right?

MR. DUNCAN LENNOX – GOOGLE ADTECH: That's right. It's actually one of my teams that that leads that work. And we have, like, with most of our policy monitoring and enforcement approaches, we have a defence in depth strategy where there are many layers and tools that are that are part of trying to make sure we catch all invalid traffic because we want to make sure that obviously it's genuine traffic and that advertisers are paying for value that they receive. So we are able to catch much of this as the attempt
10 to serve the ad is happening and in that cycle, if you will, in the second or so after that. But we also do a lot of additional further work post analysis, if you will, and as we identify additional invalid traffic in that situation, then we, of course, credit back advertisers, etc. Make sure nobody is charged for things associated with the serving of that particular ad. That impression, I should say, to be more specific in this case, it's not the ad itself, but the particular impression or click that we're talking about here.

CHAIRPERSON: And I mean, you obviously can't guarantee you're going to get detect everything, but you you're trying to do what you can to define this in real time to ensure that that this doesn't happen?

20 MR. DUNCAN LENNOX – GOOGLE ADTECH: Yeah, we look again, it's one of those things where it comes back to the health of the ecosystem, right? It's like it is in our interest to promote the long term health of the ecosystem to make sure that we eliminate essentially all invalid traffic. Now, do we catch everything? You know, none of these enforcement systems are perfect, but I'm very proud of the work the team does and I

certainly believe that we lead the industry in terms of our ability to detect and remove invalid traffic. And it's a very significant, I mean there are bad actors out there that have significant financial incentives, of course, to attempt to defraud, whether it's us or advertisers, etc. So and it's very much an ongoing cybersecurity job that we take very seriously, that we invest a lot of time in and we have some of the leading experts in the world on our team that build these systems.

CHAIRPERSON: And I just wanted to understand, because I mean, this is what I would call click fraud, where you've got some bot clicking frantically
10 to generate revenue. And it might be that this is a site that is trying to attract clicks and then uses the bot to generate revenue and that's the bad actor. But are there instances where it could be on a legitimate publisher's website that someone has got a bot clicking away that wouldn't be for the website's benefit necessarily, but for some other nefarious reason? Or is it only really a bad website that's trying to do this click fraud?

MR. DUNCAN LENNOX – GOOGLE ADTECH: Well as you can imagine, as with any other areas where there's financial incentives for bad actors to attempt to game the system, there is almost an infinite variation of techniques and ways that those bad actors attempt to extract financial
20 gain, amongst other things. So the one that you mentioned of bots is certainly a common one that we see. But just to give you a different example, at the other end of the spectrum, we see scenarios where, for example, for a local a local advertiser. And let's just say it's like two plumbers in Cape Town and one plumber is using digital advertising to identify customers and win new customers. And another rival plumber

might go and pay some click farm to go and actually use up the ad budget of that rival plumber very quickly in a day so that their ads no longer serve for the rest of that month, for example. So that's the opposite end of the spectrum where the scale appears to be small, but very impactful to that small business owner in that case. And we're attempting to detect and remove everything across that full spectrum from the from the very large, you know, and you know, click botnets, etc., all the way down to that kind of more localized example.

CHAIRPERSON: Yeah. And plumbing is fairly cutthroat down in Cape
10 Town. So, yes. I hear what you're saying. And then then the other example that we heard is where people are now using AI to scrape stories of publishers and then put it on their own site and then use that to attract clicks. And I suppose they call that ad fraud in the sense they've stolen their content and done that. And we had an example of BNN, which the publishers did raise in the first week. And we understand Google did take down in the second week so we thank Google for that. Is that something that that ad tech gets involved in or is that a sort of Web site issue?

MR. DUNCAN LENNOX – GOOGLE ADTECH: It's probably a little bit of a
20 combination of the search side of the house and the ad tech side of the house. I would say that, for example, all of this predates AI as well. I mean, you can go and scrape content from another organisation's Web site, create your own site that uses that content. That's obviously a copyright violation. And we respond very aggressively to copyright takedown requests and so forth on the search side and across all parts of Google. And specifically on the ad tech side, what I would speak to is what you will

sometimes see are sites that are created in order just to try and drag people in and get clicks to siphon again, siphon dollars away from legitimate publishers or advertisers. And we have a lot of what we call behavioural policies that we have and enforce on both the publisher and advertiser side of Google ads that are designed to detect and demonetise those sites to prevent that as well. So that is certainly another area that we that we aggressively pursue to keep the ecosystem healthy.

CHAIRPERSON: And you wouldn't be letting your ad servers or SSPs operate with those sites. If you see that sort of behaviour, you would try
10 and shut them down, but you wouldn't certainly help them?

MR. DUNCAN LENNOX – GOOGLE ADTECH: And like in like in the other areas we talked about with the with the click spam and so forth, we have multiple layers of defence. We're constantly monitoring and reevaluating publishers that are looking for ads to be served on their site and advertisers that are looking to place ads and where we see policy violations. And we're going to do it. We might start with a page takedown if it's if it's a continuous bad actor. We would look to take the entire site down and demonetise it as well.

CHAIRPERSON: Well, thank you for that, Duncan. And I think that's that.
20 That is all from our side. I do want to thank you again for making yourselves available. And please pass our thanks on to Dan as well, even though he had to run. I mean, as we've said throughout this, this sort of public hearings, public hearings do serve an educational role as well. I think it helps to at least discuss these in a manner that is understandable for the public and also for the media, because there often is also

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misunderstanding that, or I think, as you put in your presentation, sometimes is the complexity means the perceptions are shaped by that. But to Duncan, Ben and Abongile, Agnieszka and Dominique, thank you so much for coming and for also the other presentations from the Google team and making themselves available. So thank you. We do appreciate your cooperation with the inquiry and your willingness to also be accountable to the South African public and media. I think that speaks volumes for you as a company. So thank you.

MR. DUNCAN LENNOX – GOOGLE ADTECH: No, thank you for giving us
10 the opportunity to talk to you and thank you for the thoughtful questions. We appreciate it.

MR. BEN JONES – GOOGLE ADTECH: Thank you very much.

CHAIRPERSON: And we're going to wrap tonight. We end our public hearings tomorrow. We've got eMedia, we have YFM and then we have Meta in the evening. So thank you to everyone.

END OF PROCEEDINGS ON 26 MARCH 2024