

# Chrome Review

May 2<sup>nd</sup> 2024



Ex. No.

PXR0206

1:20-cv-03010-APM

1:20-cv-03715-APM

[go/chrome-strategy](#) ↗

[go/chrome-2024](#) ↗

[go/chrome-OKRs](#) ↗

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# Agenda



1	<a href="#">Overview</a>	Mission, Vision, Platform & Product, Value Sources, External & Internal Assessments
2	<a href="#">Performance</a>	Tangible Value, 2023 Highlights, 2024 Corp OKRs, Staples
3	<a href="#">Product</a>	Strengths & Principles, Multi-Year Priorities, 2024 Plans, AI @ I/O, Roadmap
4	<a href="#">Financials</a>	P&L
5	<a href="#">Workforce Plan</a>	Resourcing, Org Chart, Workforce Strategy, Location Strategy, Org Health
6	<a href="#">XFN</a>	Marketing & PR, Partnership & GTM, Legal & GAPP

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# How Chrome creates value for Google

Chrome drives revenue and/or efficiency gains for Google's top PAs. Highlights include:

\$ Impact	Lever	PA
XL	Chrome MAU * LTV per platform	Search, Ads
M	Incremental revenue	Search, Ads, YouTube
M	Signed-in Google users	Search, Ads, YouTube
M	Web influence & 1P delivery enablement	Search, Workspace, YouTube, P&E, Core
M	Google Payments FoP and GMV*	Commerce
M	OpEx savings from Codecs & Widevine	YouTube, Android
S	Chrome Enterprise Premium sales	Cloud Security

\* Form of payments and gross merchandise value. See [performance section](#) for more detail about how Chrome generates value.

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## Slide 11 Notes

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### Note: Chrome LTVs:

- Focus on the incremental revenue we obtain from the user being on Chrome ([link](#)) (vs. another browser)
- Factor TAC differential/savings from users moving to Chrome

Put differently, Chrome LTVs are really "investment LTVs" that identify the incremental value above what would be acquired over an alternative browser anyway and therefore should be willing to invest against for user acquisition.

### Incremental revenue:

- Search/Ads = Chrome count = Confidential for 2023
- YouTube/Ads = Generated Confidential recurring revenue for Ads by converting static assets to videos.
- YouTube = Codecs encoder and optimization improvements helped to increase watch time by 7%, which results in revenue uplift

### Signed-in Google users:

- Users that monetize better

### Web influence & 1P delivery enablement:

- E.g. helping YT with V8 needs vs. YT needing to build their own V8 team. Ditto for graphics (e.g. Skia doing Wear work)



# Internal Assessment

## Short vs Long-term

Balance tipped toward optimizing for enabling in-year PA goals (e.g. Search) and near-term growth vs. disruptive user-focussed, cross-PA or ecosystem changes.

## Rising Cost of Business

Cost of shipping Chrome has gone up due to proliferation of OS and devices, and the overhead from regulatory compliance (DMA, DSA, CMA) and Privacy Sandbox.

## Coordination Complexity

Coordination costs are high and growing, given many PAs we partner with (e.g. K&I, P&D, Core, Cloud, YouTube) and growing strategic value of Chrome as an endpoint.

## Product Investments

Strong marketing investments have fueled growth but it's now essential to grow underfunded Product teams (24% Chrome vs 96% Google HC growth over the past 5 years).

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## Slide 15 Notes

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**Balancing Short-Term and Long-Term Goals:** While optimizing for cross-PA goals (like Search) is important, we must not lose sight of user growth and engagement, which are essential for long-term value.

**Rising Cost of Business:**

- Supporting more platforms/devices, and associated scale + ecosystem complexity (Android) has increased cost.
- Regulatory compliance (DMA, DSA, CMA) adds further overhead.
- Privacy Sandbox implementation has also introduced additional costs.

**Increasing Coordination Costs:** Chrome's strategic value as an endpoint has grown, leading to increased coordination with various cross-business partners. This requires significant investment to maintain and optimize collaboration.

- P&D: Android+Play, ChromeOS, Unicom
- K&I: Search, Ads, Commerce/Payments, Geo
- Core: Identity, 1P Dev, PSS
- Cloud: Workspace, Security
- YouTube

**Marketing vs. Product & Partnerships:**

- Our strong marketing investments have fueled growth, but it's now essential to increase investments towards product development and reinvest in our partnership teams to drive future growth, innovation, and differentiation.
- We've been ruthlessly rebalancing resources due to limited headcount growth over the past 5 years.



# Performance

Value • 2023 Highlights • 2024 Corp OKRs • Staples

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**Confidential**

or **Confidential** of Google's  
2023 Search &  
Display Revenue  
flowed through  
Chrome clients

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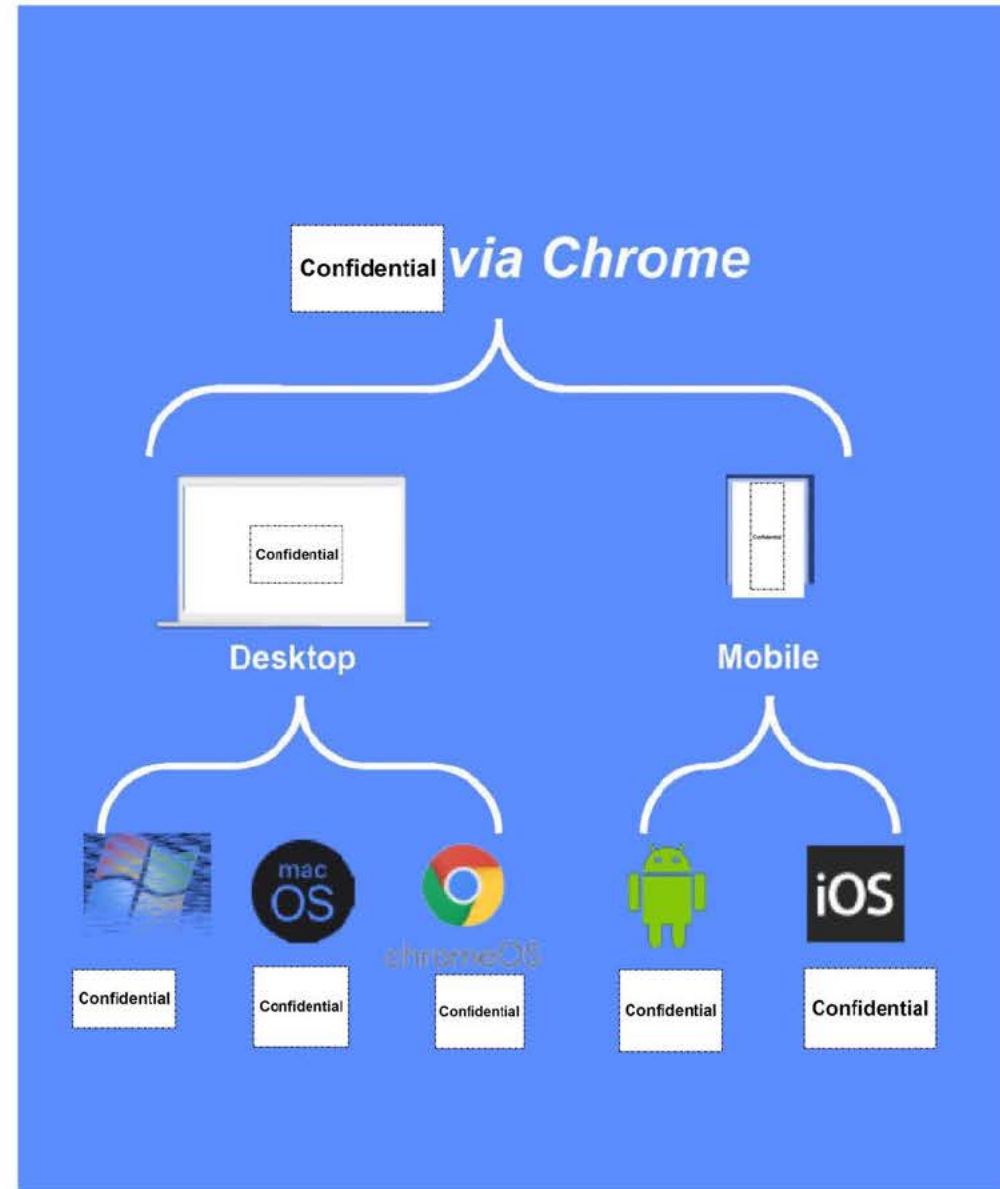
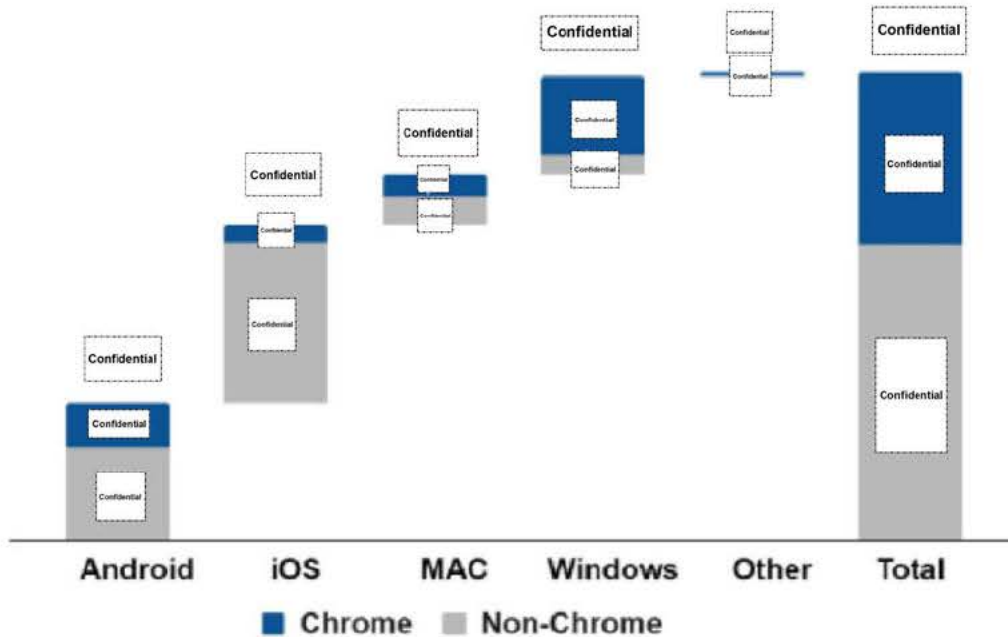
## Slide 17 Notes

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**Google:** Of Google's **Confidential** in Search + Display Revenue, **Confidential** flowed through Chrome clients (**Confidential** not through Chrome).  
**Search vs Display:** **Confidential** revenue comes from search and **Confidential** from display

# Indirect Search Revenue via Chrome

## 2023 Google Search Revenue



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## Slide 18 Notes

Digging into Search Revenue, we can see how this breaks down between Chrome and non-Chrome.

Takeaways from left graphic:

- Lots of headroom on iOS (where we only have ~13% share and Safari dominates)
- Headroom on MacOS

Takeaways from right graphic, if we look into that

- Confidential (or Confidential) flows through Desktop: Windows Confidential; MacOS Confidential; ChromeOS and Linux Confidential
- Confidential (or Confidential) flows through Mobile: Android Confidential; iOS Confidential

Of all Google Search revenue, Chrome represents:

- Confidential of Desktop Search revenue (remainder mainly from Edge, Safari, Mozilla)
- Confidential of Mobile Search revenue, with rest coming through apps (i.e. AGA, iGA)

Note: Growth rates of indirect search revenue flowing through Chrome were comparable (Android Confidential Chrome vs Confidential other search, Windows Confidential vs Confidential or exceeded (MacOS Confidential vs Confidential iOS Confidential vs Confidential) Total Search revenue on the same OS.

# Chrome actives maintain steady growth

DAU grew 5% YoY, exceeding forecasts despite competition, and DAU actuals are currently on track to Q2 targets.

Android DAU boosted by embedded web (Google News switched from WebView → CCT), and we've had DAU-positive Q2 launches (O&O promo, NTP on startup, Quick Delete).

iOS is the fastest growing platform with a 21% YoY increase in DAU, driven by continued success with marketing, incremental product bets, and rollout of iOS choice screens in EU.

Windows continues to show modest growth, with a 1% YoY increase in DAU.

**Note:** A bug impacting macOS was fixed recently. We anticipate actives to improve as users update to versions with the fix.

Chrome Browser actives by platform

Platform	DAU (millions)		MAU (millions)	
	DAU	Y/Y	MAU	Y/Y
Android	1,220	5%	2,665	5%
iOS	108	21%	273	21%
Windows	426	1%	1,012	0%
macOS	data issue to be resolved soon			
CrOS	37	3%	79	4%
Total	1,848	5%	4,143	5%

7D AVG Period: 04-29-2023 to 04-28-2024

## Slide 23 Notes

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Our DAU actuals vs. targets are on track at this moment in time (in aggregate, and per platform). There's still risk to meeting our EOY targets.

Mac: 53M DAU (slightly up y/y), 95M MAU (slightly down y/y). Omaha bug in final stages of recovery.

# Browser Market Share



80.0%

Y/Y: 0pp



12.9%

Y/Y: +1pp



68.4%

Y/Y: -2pp



59.9%

Y/Y: +1.5pp

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## Slide 24 Notes

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Browser share by platform and y/y

- Android: 80.0% (flat)
- iOS: 12.9% (+1ppt)
- Windows: 68.4% (-2ppt)
  - Win10: 69.3% (-2ppt)
  - Win11: 63.4% (-0.5ppt)
- MacOS: 59.9% (+1.5ppt)