

Message

From: Prabhakar Raghavan [Redacted]@google.com]
Sent: 10/26/2018 5:21:09 AM
To: Carlos Kirjner [Redacted]@google.com]
Subject: Re: a few thoughts about tomorrow's meeting

I wouldn't call it a failure by finance. Finance can do the numbers, Finance cannot capture the feeling amongst key engineers and PMs. The Ads PA have always delivered for Google, but not in a way that gives rise to flashy TGIF demos and applause from the company. This is not new. Nor is it new that the team has always preached the user experience as foremost.

What seems a different is that more than one exiting person has given me the sense that "management" has held them to the 20% bar (I speak mainly on the Search Ads side) and they feel pressured to perform - in my reading - by reaching into user experience impact that they wouldn't have contemplated a couple of years ago.

On Thu, Oct 25, 2018 at 10:08 PM Carlos Kirjner <[Redacted]@google.com> wrote:

I hear you saying we are pushing monetization too hard in a way that may not be sustainable. This is a discussion I think we should have, as it's implications are much greater than the 2019 plan discussion.

Back to the plan, if you ask the revenue team what is their expected value for Ads revenues next year, they will give you a number that is ~\$2B higher than plan. It may be wrong, it may miss the point on the limitations of the monetization trajectory, but it sets the current perception.

Finally, I think your comment points to a potential failure by finance to fully understand what is going on with our most important business. I would like to fix this. Not sure yet how, but it is not ok.

On Thu, Oct 25, 2018, 9:40 PM Prabhakar Raghavan <[Redacted]@google.com> wrote:

None of this is news to me but - I think the idea that the revenue plan is sandbagging is laughably off, this time.

I've met enough engineers and PMs who want to quit (and many are quitting) because they think we pay lip service to the user experience and squeeze out revenue, while pushing them to hit heroic monetization milestones. I'm all for cleverer expanded match and auction pricing, but know that the former comes at some cost to users and the latter at a cost to advertisers; both come at a cost to our most critical product talent. I'm prepared to make this point forcefully, as will Jerry.

On Thu, Oct 25, 2018 at 9:27 PM Carlos Kirjner <[Redacted]@google.com> wrote:
Prabhakar

I wanted to share a few thoughts on tomorrow's meeting, based on other meetings I have attended in the past and discussions I have seen among the Finance leadership team in the context of planning. I think I have shared most of these already by email or in person, directly to you or to Danielle, but I want to make sure to share them briefly again.

First, there is tremendous deference in finance all the way to Ruth to the Ads business. In my view this is more than justified. This does not mean there won't be push back and probing.

Second, I think the most common type of question we could be asked tomorrow is in one form or another: "have you re-prioritized enough?" This is likely the case in DVAA (about 1/3 of the PA HC), but not obvious for the rest. I personally don't have a clear view, as Finance historically has not been involved in the PA's internal resource allocation decisions (something I would like to change)

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[Redacted]@google.com> wrote:

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Third, this probing on re-prioritization could very well emerge in the discussion about the three "carve outs," (transactions, EC/reg and commercial query growth). These are undoubtedly important Google-wide strategic issues, but we need to thread carefully trying to use them as large scale escape valves to the guidance cap. I think the case that needs to be made (and this needs to come from you and Jerry primarily), is that a) if we were to redeploy 5% of the 7300HC in the PA to cover these things, there would be significant negative impact on the business trajectory, and b) these are the numbers we need to cover these things.

I don't think we have the work to argue this analytically (it would require a zero based budgeting exercise, like Suresh did, across the PA), so it will depend on your and Jerry's opinion.

Fourth and final, I think there may be a small chance to get to some type of arrangement to allow the PA to deploy HC versus upside to the plan, as this has been discussed extensively within Finance, BUT you should know that the revenue plan particularly for search Ads is seen by Finance (including me), as conservative. Any potential arrangement will require a discussion of the baseline to calculate the upside (in addition to a discussion on how much upside is needed and what portion is the PA's to keep).

I hope none of this is news to you, but I thought I would share once again. Happy to discuss if helpful.

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