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Bill Ready, President, Commerce, Payments & NBU, at the Citi Global Technology Virtual Conference on September 14, 2021

Jason Bazinet, Citi: All right. Good afternoon, everyone. I'm Jason Bazinet. I'm Citi's Internet and Media analyst. I'm excited this afternoon to be joined by Bill Ready. He's the President of Commerce, Payments, and the Next Billion Users, sometimes referred to as NBU. Two housekeeping items. One, if you need disclosures, feel free to reach out to me. I'm happy to send them. And, second, some of the statements that Mr. Ready will make today may be considered forward-looking. These statements involve a number of risks and uncertainties that could cause actual results to differ materially. Any forward-looking statements that Mr. Ready makes are based on assumptions as of today and Alphabet undertakes no obligation to update them. Please refer to Alphabet's Form 10-K and the most recent Form 10-Q for discussion of the risk factors that may affect its results. And with those items behind us, Bill, thank you for joining us.

Bill Ready, President, Commerce, Payments & NBU: Yes, thank you for having me.

Jason Bazinet, Citi: Let me just start because I would suspect that a lot of people on Wall Street don't know who you are. Maybe some do. But just before we go anywhere, you joined Alphabet – what, in 2000, I think?

Bill Ready, President, Commerce, Payments & NBU: 2020, January of 2020.

Jason Bazinet, Citi: January of 2020. Before you joined, where else did you work? What roles did you have?

Bill Ready, President, Commerce, Payments & NBU: Sure, yes. So prior to Google, I was Chief Operating Officer at PayPal. And so for folks who are covering fintech, I would have spent a good bit of time with those folks. And so as COO of PayPal from its spin-off from eBay up until 2019. And prior to that – and at PayPal, as the COO, had product, engineering, and end user experience. And prior to that, people would have known me mostly as a serial entrepreneur prior to that. I have done five startups, the two most recent being Venmo and Braintree, where I was CEO of both those businesses and sold those to PayPal. And that was actually how I joined PayPal, via the acquisition of Braintree and Venmo.

Jason Bazinet, Citi: Okay. I was going to ask the follow-up question. It seems so unorthodox to join such a giant organization as Alphabet after your history. But it was via acquisition is what you're saying.

Bill Ready, President, Commerce, Payments & NBU: Well, it was via acquisition by PayPal. So I became COO of PayPal, via PayPal's acquisition of Braintree and Venmo.

Jason Bazinet, Citi: I see.

Bill Ready, President, Commerce, Payments & NBU: And through the course of that – initially, joining PayPal was about rebuilding PayPal for mobile and then we ended up building a business of quite significant scale and so then started to really enjoy innovating and building at scale. And so, saw a lot of opportunity to do that in Commerce at Google. And so that was –

Commerce has a very interesting adjacency to what we've been doing in Payments. So that was the lead-up to joining Google to do Commerce.

Jason Bazinet, Citi: This must be the largest firm you've ever worked for, right?

Bill Ready, President, Commerce, Payments & NBU: It's probably the largest firm that most folks would have worked for.

Jason Bazinet, Citi: Fair enough.

Bill Ready, President, Commerce, Payments & NBU: So certainly true for me.

Jason Bazinet, Citi: Hopefully they have a nice entrepreneurial corner for you to sort of create some value. So what are your responsibilities at Google today? And how do you allocate your time when you think about your sort of relatively long title.

Bill Ready, President, Commerce, Payments & NBU: So, yes. So at Google, I lead Commerce, Payments, and what is called Next Billion Users, which others would think of as, like, emerging markets effectively. And so my org does the product and engineering behind Google's suite of Shopping and Travel tools and how those Shopping and Travel experiences show up across Google surfaces like Search, the Shopping tab, Maps and collaborate with the other product areas in Google to do that.

And I took on Payments and NBU leadership in April this year. And the focus there is really tapping into what Google's best at, which is user understanding and helping to build digital experiences that drive economic opportunity for consumers and businesses – certainly in major markets that would be familiar with Google, but then with our next billion users doing that in emerging markets. Great example being – like what gPay [Google Pay] has done in India, for example.

Jason Bazinet, Citi: So that's interesting. So Payments was not part of your responsibility when you joined – that was just added?

Bill Ready, President, Commerce, Payments & NBU: Yes, not initially. The thought there was there's a lot to do in Commerce that was adjacent to what I had done in Payments in the past. But then Commerce and Payments –

Jason Bazinet, Citi: Pretty linked.

Bill Ready, President, Commerce, Payments & NBU: – go hand in hand a bit as well. So it's been nice to bring those groups together and drive more innovation across those teams.

Jason Bazinet, Citi: And I would infer the leadership team thinks you're doing a good job, and we'll just leave it at that. So maybe you can give us a little bit of the history with Google and Shopping, because I know there's a long sort of ecommerce history that goes back two decades. Just give us maybe – like, a brief primer on, like – what did Google do in the past? What sort of didn't work? What did work? What are they doing now?

Bill Ready, President, Commerce, Payments & NBU: Yes. So you're right, Google's been in retail for over 20 years. And retail is a very big category for Google and a substantial growth driver. You've heard Philipp reference that on earnings calls, with retail being one of the largest

drivers of growth for the Ads business, as he referenced in last quarter's earnings calls.

And so we're doing more for this category than ever before. We have a billion-plus Shopping sessions happening across Google every day. And the approach we're taking there is bringing more choice, information and transparency to those Shopping sessions by supporting an open ecosystem where shoppers can connect directly with merchants across all of Google's surfaces and without having an intermediary in between them, really helping to forge direct relationships between consumers and the merchants from whom they're buying.

So in doing that, we're tapping into Search's Knowledge Graph and a lot of new dynamic AI capabilities. At Google I/O, I announced our Shopping Graph, which is built on those – on common technologies that is helping create connections between businesses and shoppers and doing that via extensive knowledge of product catalog around the world. So that when users are thinking about what's the best product for them, what's the best value for them, what's the best place to buy it – all these types of questions, we're able to answer those questions for the user and then –

[Technical Difficulties]

Are we back?

Jason Bazinet, Citi: We're back. Roll back about 20 seconds, I'd say.

Bill Ready, President, Commerce, Payments & NBU: Sorry about that. I think the Internet didn't want to cooperate with me there for a moment. But we're doing all that with our Shopping Graph that we announced at Google I/O. And that's bringing together a very extensive product catalog so that when a user has a question about what's the best product, what's the best value, what's the best place to get that product, who has it in stock, can I get it online or in store, who has curbside – all these questions, users can come to Google to get those questions answered. And we help connect that user with the very best place for them to go buy based on their preferences and then forge a direct relationship between the consumer and the places they're buying from.

So that's our approach. It's very much aligned with Google's mission overall to democratize access to information, make it more useful. And we're taking that same approach in what we're doing in Commerce, really tackling the information part of that problem and helping to bridge the connection between users and the broader retail ecosystem.

Jason Bazinet, Citi: So you said a billion Shopping sessions a day. Was that the number you used?

Bill Ready, President, Commerce, Payments & NBU: That's right. That's right.

Jason Bazinet, Citi: How do you define a "Shopping session," just for those who may not be as familiar?

Bill Ready, President, Commerce, Payments & NBU: Well, this is – one of the things I think retailers really appreciate about Google is that there's very strong intent when people come to Google and they're searching for a product – they have a very clear shopping intent. And so this is something that's been well-defined for us for quite some time – is which queries have a shopping intent. We know that based on the product they're looking for, their intent to buy, the

things they end up clicking on which often times end up being merchant product listings, these types of things. So when we say a billion-plus Shopping sessions each day, these are when we clearly see intent from the user that we know there's a product, something they're looking for. And that for the vast majority of those Shopping sessions, we're then connecting the user with a great place to buy the product that they were looking for.

Jason Bazinet, Citi: Okay. So here's one area, maybe I'm just naive. But when we all throw around the word "ecommerce" right, it sounds super simple. It's like a consumer wants to go do something. But as soon as you delve into that ecosystem, it gets a little bit more complicated, right? There's, like, retailers, there's ecommerce platforms like Shopify, there's payment platforms, there's websites, there's consumers, and everyone seems to have different exposure across that long, broader, sort of value chain. So what – can you just talk about the broader ecosystem and what white spaces or opportunities do you see for Alphabet in this pretty complicated, pretty crowded space?

Bill Ready, President, Commerce, Payments & NBU: Yes. It's a great question. And it is a place where we think there's a lot of opportunity to really support that ecosystem. And that's our focus, is how Google can uniquely support that ecosystem. So when it comes to Shopping, we support a free and open Commerce ecosystem. Just as Google has long been a supporter of the free and open web, we think about supporting a free and open Commerce ecosystem as well.

And this is really important, especially for small and mid-sized businesses, but for retail broadly. And what we're really trying to do is give merchants of all sizes the opportunity to bring forward their unique value prop [sic] [proposition] to users without having an intermediary in between and then also allowing those merchants to bring the providers of their choice across things like Payments or Commerce platforms. And so we really are working in partnership with the ecosystem to make those experiences better and focusing on the part that we think we're uniquely equipped to help with, which is user understanding, user connection.

As you look across retail, you've seen tremendous growth go to vertically integrated experiences. And as you have the broader retail ecosystem, thinking about how do they digitize rapidly, how do they compete, there's a lot of companies out there solving for things like Payments or things like Commerce platforms that give them better access to fulfillment or logistics or inventory order management, those kinds of things. And so, there's a lot of really good solutions across a number of those.

But much of retail is still struggling with: how do they connect with the user? How do they source demand? And that's a place where we think we're uniquely equipped to help solve for that and do that not only in partnership with retailers, but in partnership with others that are building for retailers, like our partnerships with Shopify and WooCommerce and, other Commerce platforms, payment products like PayPal and Square. And so we think by doing that, we can really help to democratize access both so that consumers have a broad array of choices and so that merchants are able to go compete in a rapidly digitizing environment.

And so there's a number of things I can go through that are, like, tangibly how we've done that. But if you look at the impact of that – like, I'll give you an example. There's a company called Louisiana Crawfish Company. It's a family-owned and operated business that largely serves restaurants and stores in the local area. When COVID hit, restaurants shut down, like so many other businesses, it had to pivot. And they pivoted by starting to do home deliveries to families. And that was a way for their business to survive. And by promoting their products, by shifting to

digital, promoting their products using Search and Smart Shopping campaigns, that company was able to directly connect with customers on Google and grow its revenues by 31% during COVID when that was a massive shift to digital for them – something that would have been very different than the way they operated their business before. That's one story, one example.

We're helping thousands upon thousands of small businesses in these types of ways to access customers quickly and, again, doing it in partnership with the many other players in the ecosystem that are helping them do that as well, such as Commerce and Payment platforms that are out there. So if you look back at what we've done, just over the course of the last 18 months or so, we started out by reducing the financial barriers for those merchants to list. We made it free for any retailer of any size to make their full inventory available on our surfaces when we announced our free Shopping listings.

We've been reducing integration barriers by partnering more closely with their providers, like the examples I gave of Shopify, Square, BigCommerce, WooCommerce, GoDaddy, so making it easier to access and really making it so that those products are discoverable across multiple surfaces of Google with a single integration by the merchant. So whether that consumer is on our main Search results page, in our Shopping tab, using Lens, in Image Search, on YouTube, our Shopping Graph that now has over 24 billion listings and a lot of rich metadata, like price, reviews, ratings, is really helping shoppers to find the right product for them across the widest range of merchants from the very largest retailers all the way down direct-to-consumer brands or small businesses like the one I was referencing.

Jason Bazinet, Citi: So given your description of sort of working with other partners in the ecosystem and making it very easy for consumers to sort of connect with businesses without a middleman – and then you described some of things that you're making available for free, right – what is the monetization mechanism for all of this? Like, how should shareholders think about sort of how this ultimately translates to better revenue or cash flow?

Bill Ready, President, Commerce, Payments & NBU: Yes. Well, certainly – so the first thing I'd say is that our data shows us that we're really on the right track with this. In second quarter, retail was, again, by far the largest contributor to the year-on-year growth of our Ads business, as Philipp shared in earnings. In Q4 2020, we talked about the growth we saw in 2020 where we saw an 80% growth in our merchant community year-over-year with disproportionate growth coming from small and mid-sized businesses. So I share that as just, like, some specific quantification of both how we're building our ecosystem – and contribute to the ecosystem as well as how it's contributing to the growth of our Ads business.

And the model is very much – just as you've seen from our Search and Ads business historically, is that we're making it free for users to discover the best information available, the best products, the best places to buy them. That's free for the consumer, free for the merchant to make all those things available on all of our organic surfaces. And then Ads is a great way for merchants to be able to promote, to get premium placement, and that creates monetization opportunities for us. And then we see that working out quite well; that as we've seen merchants really increase their participation in our Shopping capabilities, we've seen that on average, merchants who have enabled both free listings and paid ads on our Shopping tab have seen a 50% increase in clicks to their sites.

So this benefit of supporting both free experiences and then paid opportunities for merchants to promote, not only is it aligned with how our broader business Search and Ads has worked historically, we're seeing this having really great effect both for users discovering more of what

they were looking for but also for merchants being able to really promote themselves and gain a lot of traffic.

Jason Bazinet, Citi: That makes sense. So Etsy sometimes talks about the syntax gap. That is the difference between what a consumer might type in the Search box versus what it is that they are really looking for, what they really want to buy. And I would guess your firm is probably better than anyone at closing the syntax gap, given how much you know about this. But how much of a structural advantage is sort of Google's sort of history in sort of Search and closing the syntax gap as investors sort of think about the ecommerce opportunity?

Bill Ready, President, Commerce, Payments & NBU: Well, this is definitely a place where we think we can be very helpful to the retail ecosystem. Shopping is about inspiration, discovery, as much as it is about the final purchase and really bridging that gap from inspiration, discovery all the way down to purchase. It's a very hard technical problem to solve for many merchants. And that problem is really becoming even harder as user shopping journeys are increasingly multimodal. So you have the syntax gap of how did the user express themselves, but you are also increasingly seeing the user engage in many different formats. And so this problem is hard and getting harder. And, again, a place where we think there's a lot we can do to help.

So on the query side of this, of course, exactly as you were referring to – Google spent the last 20-plus years on Search. And at its core, Search is about understanding language. So most recently, we've been using AI to make huge strides in both natural language understanding and image recognition to understand what people are looking for and make product recognition almost instantaneous. We're also working on newer technologies that can understand information across a wide range of sources, like text, image, and video to show options to shoppers even when they don't exactly know what they're looking for – or to bridge the gap not just in syntax but to bridge the gap in the different modes or formats with which they're interacting where these things are increasingly more visual or video-driven or these types of things.

And so when it comes to those results, our Shopping Graph is bringing together information from websites, prices, reviews, videos, product data such as SKU and inventory, getting all these things directly from brands and retailers so that we're able to connect shoppers on those billion-plus Shopping sessions each day with over 24 billion listings from many millions of merchants. And so this helps shoppers find what they're looking for from a wide variety of merchants. And Shopping Graph, as I mentioned before, it's not just doing this on, say, our Shopping tab, this is helping to connect users with this content across all of our surfaces. And so bridging the gap from inspiration to purchase, no matter where the user is shopping or which surface they're on, whether they're on Search or on YouTube, watching a video, or using Lens to go search the world around them visually. In any of these cases, we're making sure that this graph of 24 billion-plus listings is easily accessible to the consumer on whichever surface they might be in or whichever stage of the shopping journey they might be in.

So we're seeing that to be a very powerful combination that is, again, great for the user because they can find – best product for them, what's in stock, where to get it, but also really great for the merchant ecosystem that's being able to connect with the user at multiple stages in their journey and really express their value prop [*sic*] [proposition] to users in new ways, at new stages of the journey as well. And, again, only possible because we're working with a vibrant community of merchants and doing so in a way that is built upon an open ecosystem and supportive of an open ecosystem.

Jason Bazinet, Citi: Okay, so you used a couple phrases in there. One of them you unpacked, one you didn't. So I just want to make sure we're all tracking. You used "surfaces" and you unpacked that and said that could be Search – it could be YouTube, it could be Lens. But then you used another word, "modes." What does "modes" mean? Is that mobile/desktop, or is there another one of the surfaces?

Bill Ready, President, Commerce, Payments & NBU: Well I think this is where users – you see digital starting to bridge to the physical world, for example. And so, yes, you have mobile versus desktop, this happened previously. You're starting to see digital come into the physical world with things like curbside pickup. But then you're also starting to see that shopping in the digital format is starting to move into places like video, for example, where it may not just be – we were talking about the syntax gap of a user searching for something. But sometimes the mode in which they engage may be something more like a Discover feed or a YouTube video or these types of things which are multiple new ways that consumers are engaging with these Shopping experiences and back to democratizing access to the retail ecosystem.

We're helping that retail ecosystem be able to integrate with us once and then have their products start to surface across multiple of our surfaces and multiple of those Shopping modes. We think there's a lot of new things we can do as digitization drives forward and these things start to move more and more into the physical world. Curbside is the first example. I think there's a lot more of that to come as well.

Jason Bazinet, Citi: What would be another example, other than curbside?

Bill Ready, President, Commerce, Payments & NBU: Yes. Well, I think this is – if you look at what we're doing with Google Lens, for example, where users take – users take a lot of screenshots as they're sort of perusing the web, looking for things they might be interested in. People will sort of save those by taking screenshots. One of the things we've announced with Google Lens is – now, right in with Google Photos, Lens is able to tell you that screenshot you took – Lens will recognize the image, tell you what the product is, where you can get it. Lens can do that in the physical world as well, though. That – you imagine as users start to go more into the physical world – and again, that they've been accustomed to much richer information about products that they got in the digital environment, but they also want to go back into stores.

And so people have talked for a long time about how can your smartphone be a digital shopping assistant in the physical world. But with Lens, you can point your phone's camera at anything and it will help you search what you see right with Lens. But Search what you see – one of the biggest use cases for that we see is Shopping. So that you're out, you see a product, you may not know what that product is, but you are really interested in it, and you want to know what is that product. Tell me more about it. And you talk about a syntax gap. You don't even know what that product is yet, and now you can just point your phone at it. And we can connect that to that Shopping Graph of 24 billion-plus listings and recognize what's the product you're pointing your phone at, tell you more about it, give you great user reviews, tell you where to buy it and all kinds of other information that would be more akin to your ecommerce experience but now you can do that in a physical world as well.

Jason Bazinet, Citi: Got it. That's super helpful. So you touched on this. Philipp has mentioned the Shopping opportunity on YouTube on recent calls. But how are you addressing the Shopping opportunity on YouTube specifically?

Bill Ready, President, Commerce, Payments & NBU: Well, YouTube is exciting for many reasons. It's incredible to see the amount of content that's available for users across so many topics and just how valuable users find that content. And it's not just the content, it's that YouTube is a shopping destination. Think about unboxing videos and product reviews. There's a tremendous amount of that activity. And according to our research, a remarkable 70% of customers buy a brand after seeing it on YouTube.

So we're working hard to make YouTube not only more actionable but more shoppable. We've been beta testing an integrated shopping experience on videos on-demand. One example of that is with Mondelez's Sour Patch Kids, which was the company's first creator campaign. And it drove a 3%-plus click through rate on desktop alone over a three-week period. So we are piloting shopping experiences on live streams with a handful of creators and brands. And so if you're watching a supported livestream on YouTube, you can browse and shop products in real-time without interruption.

And we've made really substantial user, merchant and advertiser experiences on YouTube over the past year. So there's great potential for more innovation on that going forward but really driven by the fact that there's a lot of user engagement there already through great content, particularly Shopping content like the example I was giving before where YouTube is effectively a Shopping destination already and we're just bringing more capabilities to meet the user demand and user intent that's already there.

Jason Bazinet, Citi: So how important is VR/AR when it comes to Commerce? Do you think that's a key enabler? I mean, do you think it's going to be a big deal? It gets a lot of buzz out there.

Bill Ready, President, Commerce, Payments & NBU: Yes, absolutely. I mean, I was touching on this a little bit in my comments about Lens. But the consumer shift to digital is very real. As we all know, the pandemic has accelerated that digitization tremendously. And in the last year, we've seen an increase in adoption of digital-enabled sources such as curbside pickup, same-day delivery. And as people come back into the store, I think there's going to be much more need for a blended digital experience as people come back into the store.

And as I mentioned before, Google Lens is very much our pathway into that omnichannel experience in a place where we can uniquely bring together physical and digital worlds of commerce. And that very much pairs with our AR and VR capabilities as well. So I mentioned a couple of those examples like with Google Photos and the ability to search the photo with Lens or point your phone at something you see in the real world and you know what that is via Lens. I think these are great examples of not just in theory what we could do with AR and VR. Like, these are things – I was talking about these at Google I/O. These are live products that you can use today to shop what you see in the physical world using your phone.

Jason Bazinet, Citi: So how does Google Payments fit into all this?

Bill Ready, President, Commerce, Payments & NBU: Yes, so every Commerce experience is also a Payments experience. And a friction-laden checkout can take the joy out of a purchase. And so in Shopping, we think about our goal as giving retailers more choice by opening our platform so that merchants can connect with consumers. But notably, we've talked about giving those merchants also the ability to bring the payment provider of their choice. We've done that with PayPal, with Shopify. And we're really trying to help drive a seamless payment experience there that works for everyone, both the user, the merchant, and the payment providers that

those merchants are working with.

On the user side of this, Google Pay is also a checkout facilitator that makes it even easier for consumers to access the payment method of their choice, whether that's a credit card or PayPal or ShopPay or some other form of payment. Each of those are examples of places where Google Pay as a checkout facilitator is helping the user access their favorite payment method and/or partnering with the broader ecosystem and others that are like-minded in trying to solve for checkout as well. We already see millions of merchants offer Google Pay as a simple, safe way for customers to pay on-site, in apps, and in stores. And on the user side, there's over 150 million users that use the Google Pay app to manage and make payments and manage everyday transactions and staying on top of their finances.

So we think there's a lot more that we can do here. We're continuing to innovate; but importantly, we're innovating in partnership with the ecosystem, with merchants, financial institutions, and other financial services providers, really bringing new digital experiences to help them connect with their customer base. So a couple tangible examples of that, in the U.S., we partner with merchants that surface card-linked offers and coupons within Google Pay. Users can sync cross-border payments from U.S. to India and Singapore using Wise.

And last month we announced a partnership with Setu, a fintech company in India, to enable users to open fixed-deposit accounts directly from Google Pay. So just as with Commerce where we're not a retailer but we think there's a lot we can do to help retailers and help the ecosystem, in Payments, we're not a bank. We have no intentions of being a bank. But we do think that our platform can be very beneficial to banks, financial institutions, and financial service providers and fintechs to connect more users with the financial services that they provide.

Jason Bazinet, Citi: So how will you monetize Google Pay?

Bill Ready, President, Commerce, Payments & NBU: So just as we were talking about on the Shopping and Commerce side, Google has always been about supporting the free and open web. And with Google Pay, we're making digital payments free and easily accessible, easily available to consumers and merchants. So maybe I'll share a couple things that we're not doing.

Jason Bazinet, Citi: Okay. Sure.

Bill Ready, President, Commerce, Payments & NBU: Google does not make money from Google Pay user data. Transaction history is not shared with any other Google service for targeting ads. We do not charge merchants or users fees for in-store tap-and-pay transactions and for web and mobile checkout using a Google Pay button. We really are focused on creating a better buying experience for consumers in helping the merchant ecosystem by lowering friction in their Commerce experiences without dipping into their profits. And so that way merchants can choose whatever service or surface is best for them and then use the Google – use Google Pay as a way to help drive more conversion but in a way that is in support of a free and open ecosystem.

And then we do have places where we have commercial arrangements with merchants for incremental sales or surfacing other offers or those types of things. So we do have some of those places where we will monetize directly. But, by and large, we're trying to take friction out of the experience in support of the free and open web.

Jason Bazinet, Citi: Okay. Super helpful. How does Travel fit into all this? I mean, everyone is very excited about the Travel recovery as we sort of move to a post-COVID world. Is Travel a big part of what you're thinking about or less important relative to broader ecommerce opportunity?

Bill Ready, President, Commerce, Payments & NBU: No. Travel is a very important part of our Commerce strategy. And our strategy in Travel really mirrors what we're doing in Shopping as well. And we see a great deal of travel queries on Google that have clear commercial intent. And we're providing helpful information to people to start their travel research and journey on our surface, no matter where that journey ends. So we're trying to leverage our technology to offer a great experience for users across all points in the journey, from inspiration to price comparison to booking.

A good example of that would be Google Flights where we can deliver near-instantaneous results from a massive data set of flight prices that changes from moment to moment. And just like Shopping, we want to help users compare and understand all their options, all the options available to them and promote a healthy ecosystem and democratize great digital capabilities for that ecosystem. And so like we've done with retail, we are working with travel businesses to eliminate barriers so they can easily integrate with us and share their latest, best offerings with consumers.

And, again, just as with retail, we're facilitating direct connections between consumers and travel suppliers of all sizes and types, whether those are online travel agencies, hoteliers, airlines, from the very largest to the smallest. We're helping them connect directly with those customers, helping the customer connect directly with the suppliers on those things. And we're seeing that there's a lot of benefit on both sides of the ecosystem for that. And as travel is recovering further, we think we're helping to facilitate that recovery and create a positive lift in the industry, both tools and technology that all travel suppliers can use to navigate their comeback.

Very specific example would be what we did with Amtrak. When COVID hit, ridership plummeted, budgets were cut, and uncertainty really ensued on how to efficiently reach essential travelers. So we stepped in with insights and automation. And bookings for their latest quarter, Q2, increased three times year-over-year. So consumers are going to be grappling with a lot of different information needs. You have travel suppliers, again, looking for how do they connect with a consumer as there are shifting needs based on a sort of heterogeneous comeback in travel. And those kinds of information gaps are really great places where Google can help to add a lot of value for the consumer and for the travel ecosystem.

Jason Bazinet, Citi: So you are in Payments, but you don't want to be a bank. You're in ecommerce, but you don't want to be a – sort of an Amazon, if you will. And you're in Travel, but you don't want to become an OTA. It's all about the open ecosystem and just facilitating transactions. Is that right? Is that a good summary?

Bill Ready, President, Commerce, Payments & NBU: That's right, and really focusing on the information part of the problem and connecting those ecosystems with users. And so, yes, we – it's – you're exactly right because we're in each of those spaces in a way to help those ecosystems to connect with users, which is really at the core of our business and what we do well. And we're quite clear-eyed about focusing on that part that we do well and not looking to go move in to the profit pools of those other players, into things they do well, leaving that with

them but really assisting them through the things that we can do well around user understanding, connecting users with those service providers directly.

Jason Bazinet, Citi: Okay. I have to ask you one sort of tactical question because all of the hedge funds will get upset if I don't. So Philipp noted that Travel was a big driver of the Q2 Ads strength. With this sort of Delta variant, have you seen sort of any undulations or changes in terms of this Travel recovery? Or does it feel like everything is still going ahead? It's sort of the normal sort of pace of recovery that we would expect as COVID moves to the background?

Bill Ready, President, Commerce, Payments & NBU: Well, a little bit as I was alluding to in sort of my last comment, there's a lot of heterogeneity in Travel based on location and sort of what's happening in a particular geography at a particular moment in time, and that's ever shifting. And so people are having to navigate through a patchwork of information before they travel. And so consumers come to us to help them navigate that unpredictability. And we will continue to supply them with relevant information that meets their needs in an ever-changing landscape on that. And we've launched a lot of new features to help better understand the changing travel restrictions or requirements as they think about where they want to safely go next.

Jason Bazinet, Citi: Yes.

Bill Ready, President, Commerce, Payments & NBU: So we'll also continue to help our travel partners innovate and digitize, giving them access to tools like Flight Demand Explorer or Travel Insights to understand travel demands. So, again, that heterogeneity, it can be at times difficult for the consumer to navigate, difficult for travel suppliers to go connect with those consumers, but also a place where we think we're uniquely equipped to go solve for the user's needs as well as helping the Travel ecosystem to connect with those users.

Jason Bazinet, Citi: Okay. So, Bill, I have one last question for you. So there's obviously a lot going on in the broader Internet, a lot going on with broader digitization. But as you sort of look at all of the things that are happening in the broader ecosystem and what you're focused on, what are the one or two things that you're most excited about?

Bill Ready, President, Commerce, Payments & NBU: Well, I would say generally – as many have talked about, we've seen decades worth of digitization happen in the last year. And as rapid as that has been, it certainly isn't fully optimized and it's certainly not done. And I'm really excited there's multiple vectors where we can help with both the optimization of the digitization that's already occurred as well as helping to continue advancing that. And digital is no longer just about ecommerce but also includes digitization of the in-store experience with things like buy online, pick up in store, or like the Lens experience I was talking that people are going to have these – the expectations that users have built with their increasing use of ecommerce are going to move with them into the store.

So I see a lot of runway for these types of things like Lens where we're in the very early stages of development but can effectively start bridging online discovery and in-store intent. And it's not just Lens – some of the things where we're seeing initial uptake, for example, on things like tap-to-pay in store that has seen acceleration but it's still in early stages. So overall, I'd say – excited about the opportunity that digitization provides. And the fact that as rapid as that has been, there's so much more of that to go and so much opportunity for us to be an enabler for the ecosystems in multiple spaces like we talked about with Shopping and with Travel and as well as Payments, for us to be an enabler for many participants in those ecosystems to go

connect with users in that digital environment. So I think lots more – lots more to do there. I'm quite excited about that.

Jason Bazinet, Citi: That's great. Well, Bill, thank you very much for the time this afternoon. I really enjoyed it. I'm sure our audience members did as well. So thank you so much.

Bill Ready, President, Commerce, Payments & NBU: Thanks, Jason. Appreciate you having me.

Jason Bazinet, Citi: Yes, yes, absolutely. Be well.