



Stanford eCorner

Business Model for a Media Company

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A media company on the Internet requires a lot of traffic to make it worth the time to make large-scale brand advertising happen, explains SlideShare CTO Jonathan Boutelle. His cofounder Rashmi Sinha said it's important for a Web site to make clear to their users how they intend to generate revenue and whether it's going to be through ads. Even when the site first launched, she continued, they have always had advertising. Sinha describes it as making a pact early on with their users that SlideShare will be an ad-driven service that they can use for free.



Transcript

There are big brands out there that are trying to get their message across. And what they're trying to do is reach particular audiences. And you can either describe the audience by using tools that measure the age and the demographics and the interest. Or you can say, "It's this type of media and obviously this type of person is interested in this type of media." And if you can build up enough traffic and you can build up enough content around those topics, then you can actually afford to take the time to make phone calls out and have phone calls come in to the kind of people that make the deals for doing large-scale brand advertising happen. And so, is this large-scale brand advertising your current business model? One leg of the revenue. I would say it's a more complex equation than that. That's one of the things, the first thing that we really got going. So, was that the first business model you had? Yes. Well, the first one was AdSense. AdSense? OK.

But AdSense doesn't really pay the bills. OK. Yeah. I mean, it doesn't, but I have to say that it's a very good idea to put it there for a few reasons. A, your users understand the pact that you're making with them, which is that they will be advertising on the site and for that you will have access to their service for free. And we watched when Flickr tried to start advertising maybe in year two or three, and then they had this huge negative reaction. So, users from day one? Yes. Flickr was never able to do advertising because they didn't get their users used to it. Got it. So, your goal was to train your users that this was an ad-supported site from day one.

Correct, yeah. And now we're rolling out a bunch of services which are business services for the kind of audience that we have put together. And in my mind, what's a media business? It's some way of getting the content. And for us, we don't produce content like a TV show or a radio station. Instead, we motivate, we build a service which is so simple to use that users come in there and share their content and we give away that platform for sharing for free and help them get their content across. So, in a way, the way that we think about SlideShare is that we always focus on our users. As long as we make them happy and we make them want to come back to SlideShare again and again, we are doing our job and it will go.