

URL: <https://ecorner.stanford.edu/video/when-the-platform-is-your-product/>

Tech entrepreneur David Baszucki explains how Roblox is essentially the YouTube for online games, a platform that derives immense value entirely from the millions of content creators and players who come together to build and be immersed in virtual worlds for fun. He discusses how the company dictates strategy and product roadmap, while depending on its users for growth.



Transcript

(electronic music) - [Announcer] Who you are defines how you build.. - Thank you Tom.. (audience applause) I was an electrical engineer.. I think the year I graduated was the first year we had computer science here.. I also took a lot of mechanical engineering.. I have four fun facts so you can figure out how old I really am.. First, I turned in my computer science homework on a printout.. So, that's a long time away.. The build time for my 68,000 assembly language class was 20 minutes for every build until the time we got to get going.. The largest major at Stanford was econ, if you can imagine..

(audience laughing) That was a long time ago and here's the kicker.. There's a lot of people going to football games because you could bring a keg into Stanford Stadium.. (audience laughing) No longer.. So that was quite a time.. So Roblox was really founded partially cause I remember when I was a kid we used to play outside, we'd roam the neighborhood, we'd pretend we're astronauts or army men or whatever and more and more today kids don't play this way.. They're in playgroups, they're in organized sports and a lot's being lost.. Kids are losing the ability to make their own fun, to discriminate fantasy from reality, to really learn how to play beyond the instructions and that's kinda what we're trying to do.. Roblox is a platform that allows millions and millions not just of kids but people all around the world to play, to learn, to create all in user generated environments.. We're kind like YouTube except our content is games and our content allows everyone to play together.. I'm gonna show you a really quick two minute video that talks a little about how we got our start..

In '89 with this simple block.. We programmed the 2D simulated physics lab called Interactive Physics which would later go on to influence our approach to building the groundwork for Roblox.. Students around the world used interactive physics to see how two cars would crash or to build destructible houses.. It was astonishing to see what these kids and teens were designing and we wanted to replicate that capability on a much grander scale.. So with my co-founder Erik we began building the core components that would become the basis for the imagination platform.. Roblox soon began to take on a life of its own.. We worked continuously to get the platform closer to our ultimate vision.. We soon allowed our players to begin outfitting their avatars with shirts, body colors, faces, hair, head shapes and more.. This was a huge hit for our players to say the least.. The more features we added, the more we saw our concurrent player numbers increase..

Since 2006 we've expanded Roblox onto new devices and hardware ranging from smartphones to VR.. We have hundreds of millions of people playing, imagining and building together and it's growing faster every day.. So remember, the next time you imagine something, no matter how simply you start, there is a universe waiting to be created.. Roblox, powering imagination.. So we learned something really important when we started off with that Interactive Physics software and what we learned is that the creations of users in a community is infinitely more compelling and engaging than anything we could ever create, and that's kinda stuck with us.. So Roblox is all about platform principles.. We don't make the content, our users create the content.. We don't drive the monetization, our creators drive the monetization and and we don't even really buy traffic that much.. Our creators create viral experiences that attract other people to the platform.. When we set out to build Roblox there were some core principles that we had in mind from our learnings with Interactive Physics..

The first is we wanted everyone to be able to play together.. So at its core Roblox is a social network.. Everyone can find their friends, play with their friends no matter what device they are on around the world.. Just as we wanted everything to be user created in the world we also wanted everyone to have their own user created avatar and people create a big connection

with their avatars so people can put together any combination of body parts and clothing and shirts and we have a huge expansion that's coming on this avatar system cause people really get connected to it.. We wanted it to be easy to make creations and so this had to be in 3D and behind the scenes Roblox runs on a really deep physics simulation engine, so instead of kind of programming a car if you put some wheels on axles and put an engine in something, the engine will actually power the wheels and the car will drive.. So we try to power everything from first principles and then finally we needed this all to be in the Cloud so people can share their creations, and a huge thing that drives Roblox is not just playing but showing what you've created and having other people building.. We're really, we run almost every week essentially an American Idol for new video game and 3D experience creators and there's over 2 million creators on the platform every month and they essentially compete to see whose game can rise to the top of the charts, whose game can get the most favorites and ultimately now there's a little competition to see whose game can make the most money.. So because of this behavior we're seeing really immersive, innovative types of gameplay that we've never seen before and more and more new types of games that we're starting to see in the industry are growing up on Roblox.. It's a giant experiment or a giant Petri dish really.. Some fun stats, as we've grown some really cool stuff has happened..

When we started we were 70% male and boys.. That's gone to 50/50 over time.. We've really expanded internationally as we've grown and some really cool stats, 60 million monthly players, a highlight of that right now in the United States over 40% of all nine through 12 year olds are playing and learning and creating on Roblox every month.. So that's getting, it's starting to get up there.. And the developers stat we're really proud of is 2 million developers.. This is a lot of nine through 16 year olds who are interested in making creations on Roblox.. They're actually learning to write software as they do it and creating a game on Roblox involves putting stuff together and writing little bits of code, so it's kind of learning by doing for fun rather than cause I have to learn how to code.. So we're really proud of that stat.. The amount of content is enormous on the platform and we like to give the example that if you wanted to find the Taj Mahal you'll find many copies of the Taj Mahal.. if you wanna find a Civil War battle simulation you'll find many copies of that and in the components that people use to make their own creations if I were to do a search on pagoda for example I would find hundreds of pagodas, so when there's this many people making 3D interactive content you get this enormous long tail of stuff..

There are educational simulations on Roblox.. There's a simulation called Bird Simulator that allows you to turn into a bird and hunt for prey that a lot of teachers are starting to use in their classroom.. There's wacky things that you'd never think would be fun.. So one of the top games is Work at a Pizza Place, and there's really no purpose to the thing except work at a pizza place.. So people go and they choose to be the chef or the pizza delivery person driving the car or the person at the checkout counter but what makes it fun is cause you're doing it with friends rather than doing it competitively, and that aspect of doing things with friends is very powerful and potentially more powerful than just communicating.. So the wackiness goes on, another of my favorite wacky Roblox games is called Survive the Natural Disasters, where literally every 3 minutes some crazy new thing happens whether it's a tornado or hurricane, a volcano goes off and our players kinda like the feeling of being with their friends and getting a little scared and trying to figure out where to run and hide so fun stat there.. The amount of engagement on Roblox is really incredible.. It's been relatively constant at about 11 to 12 hours per player, per month since we started, and a lot of this is creation time as well as playtime.. Fun stat here is the amount of time spent on physical Lego around the world is 400 hours per month so we're already getting close to the 2x Lego time and it's partially cause in the digital domain you have such freedom of expression, you can play with your friends wherever you are and you have great scale.. In the last year as we started to accelerate, whether it's the app stores, Google Play, Xbox, we started to get really to the top of the chart so we've also been really proud of that..

This for the business marketing people in the room, we like to talk about our belief that we have two simultaneous viral loops running at ROBLOX.. We have a traditional content creator consumer viral loop.. This is the viral loop of a YouTube where the more content the better the platform, the better the platform the more people come, the more people come the more exciting it is to make content.. We have that viral loop except it's not through video, it's through immersive 3D experiences in games.. But interestingly enough that powers this second viral loop which is the Facebook social graph viral loop that is running in real time rather than asynchronously which is people hanging out with their friends and when friends come the platform gets better, the better the platform the more friends come.. So we've got this two kind of viral loop system that has been driving our growth and allowed us to grow organically in a really wonderful fashion.. Okay, so when I talked to the people at Stanford a couple things they mentioned, be fun to hear some in the trenches stuff like it's just not all this pretty and bells and whistles, and it's not like just been smooth sailing the whole time.. We've been, we launched 10 years ago and we've hit, we had several existential moments along the way and I thought it would be fun to share.. I don't even know if you guys know about them do you? Okay, so it would be fun to share these, and I think a theme from two of these things that I'm gonna talk about is as an engineer and our engineering team the reaction is typically to go hyper detail and to go hyper fix a lot of little things, which in both of these situations we tried to do and then as we stepped back we saw that a little bit of an outside of the box thinking something bigger is what ultimately kind of drove the conclusion on this.. So I wanna start with two..

The first is we went happily along for five or six years growing at 50% a year, and we kind of thought that was cool but after awhile it just wasn't cool enough.. Minecraft had come out, the new thing in growth for being a cool company wasn't 50% it's 100% for the VCs in the room, and so we kinda, you know we had a little bit of a powwow and we're like how are we gonna do this, and we had a bit of an engineering answer, okay we're gonna do like 20 things, and so we're gonna do all these things and and see what happens and we started trying a lot of stuff and this is kind of a tactical thing.. I'll go through some

of these things, you know, better polish, we worked on the funnel, we analyzed that.. We made the product work faster, we went international, we had an Xbox launch, we kinda did all of this stuff.. Then, I'd say maybe a year later after doing all of this stuff we started to see this happen and this is what's been happening now for the last two years which is going into this 100% growth trajectory rather than 50%.. So then you can imagine the board meeting.. Okay we did all this stuff, what's the one thing that did this, let's do more of that okay? That's a pretty logical response.. So we spent a lot of time analyzing all of this stuff and we've analyzed YouTube influencers cause there's a huge number of YouTube videos.. We found that was actually a lagging indicator not a leading indicator.. We analyzed, okay we started making things work faster, we put servers in Germany or Frankfurt and we saw that Turkey went up and Germany didn't so that wasn't it..

So we looked at other stuff, we just kept analyzing things.. Our Xbox launch, did that get everyone else playing on the phone and stuff, but that didn't correlate with the time.. We looked at our developer economy that I'm going to tell you a bit about it we really supercharged that.. We started paying our developers a lot more and I'll go into that.. That didn't correlate at all so what was interesting is we came to the conclusion that there wasn't any magic bullet here and what we did come to the conclusion is we've had a pretty big strategic vision.. That strategic vision over the last five years has drove, I would say seven or eight or nine strategic things that other competitors in our space just don't have, and what our belief is, is that over the last two to three years anecdotally what we have heard in classrooms from sixth grade to 12th grade is there's a bit of a tipping point and our strategic vision was good enough to get that one player to play with two players, and once there starts to be three people in a classroom playing with something you can tip over if you have a superior product, and that's our thesis.. It's good enough to get to two or three, and then enough to tip over.. So the takeaway there is we're actually pretty glad behind the scenes of all of this we stuck to our vision and really the big things that drove this.. You can see how our monthly active users has kind of responded to that.. Another interesting, this is going way back in Roblox history, and there's two curves here..

One curve is that 50% a year monthly active user curve going up, up, up, up, so that's pretty exciting.. The other curve is amount of money we're earning per user.. That unfortunately is going down at about the same rate so this is a pretty uncomfortable situation.. We're growing, everything should be good but for every 10% we grow we get 10% less money per person, oh my gosh like our revenue's flat lining even though we're growing.. This was also somewhat of a crisis.. We were trying not to raise a lot of VC money, we wanted to kind of fund ourself, and so similar thing here I'm gonna show you the spreadsheet that we worked on.. This was our kind of hyper detailed engineering response and this is, okay what are all the little things, did we break something, what can we fix? And looking back at this, it's very clear to me that none of these was gonna come near to solving this problem, and you can also see the column that many of these were gonna cause great damage to the user experience.. There's at least a column here that says fun, okay thank goodness we were thinking about it, and so we started thinking, okay our economy is being driven by people selling things like clothing.. Is there a bigger solution that we can go to? And it set upon us that we really have to solve this problem in a big strategic way so we came up with the idea of our virtual economy.. We had already had a virtual currency, but what we were not doing is really crowdsourcing this, and we were not allowing individual developers in their games to creatively come up with ways that people could spend money and the second we unleashed this, the creativity we saw in our community just kind of reaffirmed, oh my gosh how could we not have thought of tapping into our community, how could we have made this list of all these things we're gonna do rather than giving our community the tools to power monetization? So in Bird Simulator, oh for 10 Robux you can become an eagle instead of a sparrow..

About two to 3% of the users would choose to do that, but that's a way that users can spend virtual currency in that experience.. In Work at a Pizza Place, oh you can buy a scooter and shoot around instead of driving a car.. A few of our users would choose to do that and what's beautiful about this is it doesn't impinge on user experience.. Only about two to 3% of users like in any freemium product choose to spend money so our developers know first and foremost it's gotta be fun and then how do I feather in the monetization? So this system which allows the developer to make a game that then brings in virtual currency and then the developers can collect that virtual currency and cash it back out for real dollars really transformed our platform in a way we would never have really imagined, and when we look at what's happened it's created a whole developer ecosystem.. An ecosystem of developers who at one of our dev conferences are now starting to make three to four million dollars a year, are starting to create studios, are getting into groups of five or six or eight, are making companies that run on top of Roblox.. So once again the strategic solution just blew away our initial instincts.. Here's a little graph of our monthly revenue.. This system we have found, without any additional tuning has scaled with user growth.. So whereas many video game companies have 30% of the people buying traffic or figuring out ways to monetize we have no one doing that and we've seen consistent revenue per user ever since we launched the system.. So the strategic thing kind of has paid off for us..

Okay now even to the next level of the talk, I wanna relay two experiences that I was told would be okay to share, like really gritty, like what do you do after college? So I wanna circle way back, I'd just graduated from Stanford I had a electrical engineering degree, I just wanted to work on all the coolest stuff.. I was really excited, I was gonna take over the world.. I got this great job at this big hot Silicon Valley company and so I'm sitting there and about three months later it's like, oh my gosh this sucks, like oh my gosh what am I gonna do like, okay and this isn't really fun, and like I'm not doing it.. So the lesson here is pretty interesting and my experience was it took me a while to just decide to go for things that I was good at and I liked, and that kind of magic combination, can you find something you're good at and you like, is really important, and if you find that magic combination, no matter what that is you'll probably be able to support a family and probably be able to be really successful.. You'll probably have a pretty good time doing it and I wanna just give you a, for those of you that are maybe in

this, this is a kind of a rough facsimile of what I would do in my non-intuitive state at that big company when I was trying to figure out what to do with my life, and this is a really bad solution I would say, okay.. So this is 23 year old engineering solution for what do you do with your life.. It wasn't really focused on what I was good at, it wasn't focused on what I would like and it had this terrible problem, like okay there's like three solutions, what am I gonna be, a rollercoaster designer, an inventor, an educational software developer.. So I took a step back and worked at the big job.. I had to quit, it was just too much of a bummer.. I then went to a startup, once again had high hopes, within two weeks just, oh my gosh what am I doing here, like the other one what's going on? So I had that thing again, calling my parents just like, oh my life is ruined, you know, okay I'm 24 now, it's like nothing's happening..

It's like all over.. So then I did finally say, okay I'm gonna take a break and do what I really wanna do and I was naturally attracted to simulation, like physics simulation.. I was a good enough programmer so I went and made this Interactive Physics program and really glad I did.. It was kind of a risk, it took a while, but it's kind of what got me into simulation and then ultimately led to Roblox.. so number one.. Number two is so that Interactive Physics company that was called Knowledge Revolution, reasonably successful, company was acquired and then it came off to what am I gonna do next, and I took a little time off, and okay I really wanna like lead some cool consumer 3D simulation company so I started thinking about this thing I wanted to get to and I said, okay just go find it.. So I started looking for this and wow, it's kinda hard to be the CEO of the hottest consumer internet company when you've just been the CEO of an educational software company, oh no.. Oh, the kind of company I like doesn't really exist, oh no.. Oh, like I haven't been hanging out with people in this kind of thing, oh no.. So I started getting this feeling like I wanna go here and this is where I wanna go but it's kind of like starting to feel some blockage here and what am I gonna do? So the same thing I kind of went back to what do I want to do, what I like, and me and a partner we made the decision to do this, which is go hyper risk on very unorthodox, I had been a CEO at the time, and go and get back into coding and that was kind of the decision..

We kind of made up a little business plan and I'll show you what we put together before we started.. This is from a long time ago when I was on my vacation from selling Knowledge Revolution when we were starting to plan what Roblox might be.. You can see how long ago it is because in the social networking category there is MySpace and Friendster (audience laughing) okay that's a long time ago.. You can see social networking is making 200 million dollars a year not whatever, hundred billion dollars a year, but the idea was there and the idea that we had is there is gonna be this new emerging category.. It's gonna be around immersive 3D and human co-experience and when we when we talk about our company today and merge into to how we position it what I think the little learning there is we've really had this vision of something big and strategic and our vision has sustained over those 10 years to where we are today.. Our belief at Roblox is there is a new emerging category, it's 3D human co-experience.. For those of you that have seen Ready Player One, that is where the category may be in 20 or 30 years.. For those of you that have seen The Matrix, that is maybe fortunately or unfortunately where the category will be in 200 or 500 years and we kind of view our role and maybe a way to think about our business is we're not really creating this category, we feel that's a little presumptuous but we do have a bit of foresight that this category is coming and we want to shepherd it in and treat it respectfully and be part of bringing this category to the users so knowing that this is inexorable and knowing that we're playing a role is really a great way to think about our business.. The category borrows a bit from social networking, but what's interesting is in the category we imagine, it's real time rather than asynchronous and it's about doing things with other people.. It borrows a bit from gaming in that there's 3D experiences but we don't make the games, everyone else makes the games, and also a lot of what's happening is not competitive it's social and it kind of borrows a bit from the toy space in that there's a lot of construction going on..

But we ultimately believe this is a really exciting new category and we call it the human co-experience category.. Couple of closing thoughts on scaling our organization and this is how we think about it from our experience at Roblox.. There's all kinds of things one can do to motivate people and to compensate them and to get them organized and to do them.. What's interesting is without any direct human contact we now have two million people using Roblox creation tools.. We have about 700 who are making a fair amount of money.. We have some that are teamed up in groups of five or 10 who are making \$4 million a year and this has all happened without us doing anything.. We've made this platform, we have the right incentives in place and it's really an amazing lesson for things to try to do in a company.. Wow if we can get these two million people to do this and it's all going in the right direction without anything can we do the same thing inside of our company? So we think in terms of the least bureaucracy possible.. We think how our company can be a set of companies within a company.. Our company now runs as about 20 separate teams with say 10 to 30 people..

We call the product and engineering managers of those teams the CEOs of those teams and we really think of, can we create a company that's really a collection of CEOs running their own small company? On the engineering side we do everything possible to allow these teams to scale independently, deploy independently, do their own design.. The more independence, the less kind of horizontal friction and the more things move vertically and quickly.. So I think there's a huge thought going forward around what is the leanest set of rules needed and the leanest set of bureaucracy to create really big, interesting companies that are very effective.. So we're interested in that.. Some key learnings.. The first learning we've had on the the platform is that our community is immensely more powerful than anything we could do and our community creates better content than we could create.. They monetize, they help us monetize in ways we never could.. They attract viral users in ways we haven't been able to like they do it, their games are fun, so it's really trusting the power of our community.. You know we have this vision of creating this platform where people play in new and unstructured ways, where they learn together, where there's a new generation of creators and the second learning we've really had there is the responsibility we

have with respect to the platform.. With 60 million players the analogy we sometimes use is when we do something wrong or we have a bug or something doesn't work well, we can send an individual 13 year old into a one week tailspin, like oh my gosh..

When we multiply that by 60 million that's an amazing, that's like huge responsibility, so one of the biggest core values in our company is respect the user community because it's really an amazing kind of responsibility for us.. So I'd like to thank everyone, we have a little time for Q and A, so I'll answer some questions at the end and appreciate the invitation and it's been wonderful talking to you all, thanks.. (applause) Yes.. - [Audience member] (mumbles) so blown away by how efficient you've been, which is a rarity, I hear you started out with a \$560,000 A round and then lasted like a year and a half and then to go on and raise another million, in today's day and age this massive series A and B, but managing capital so critically important to entrepreneurs and young companies, you've done something so extraordinary there, what was your magic in being so capital efficient? - Yeah, the question was being capital efficient is really important and was how did we do it and what was the magic? I would say it's 80% intentional, and 20% accidental actually.. Our revenue history very early on, we started making money so that was exciting.. We always knew that this was gonna be a long kind of haul, so we had a bit of a strategic vision and we saw a viral traction early, and then I would say along the way, interestingly enough, even though this looks so great, there were times when we would have wanted more money and we actually found it difficult to raise that money.. So there were times when our access to capital was a little constrained because our vision just looked so crazy and like, oh this is never gonna be that big or amount to anything.. So I think that combination of two things was really helpful for us.. It gave us the feeling that every single person we hired had to be great, you know.. I'd say very early on we recognized that high quality people are amazingly levered, so super good..

To finish that off, we've gotten well into the nine figure revenue numbers now on about 10 million total capital so it's really paid off for us.. Yeah.. - [Audience member] So originally to get monetization you mentioned that you started allowing developers to actually charge for certain items.. I think it is a fine line, a bond has to be struck between allowing them to make money but also not skewing the game too much.. - Yeah.. - [Audience member] Towards people that are.. What lines expanding may be changing the game dynamic? How do you see the balance there? - So the question is, if you give developers the freedom to monetize however they will in the game, what's the prevent the whole platform from collapsing really cause everyone over monetizes and things blow up and it's not fun anymore.. It's very early on, we stumbled on the notion that we really need discovery to be algorithmic and dynamic and the place where people find games on Roblox very early on, we started with what's the most popular game just updating constantly.. We added things like what's the most favorited game and things like that, and by sorting based on what's the most popular first and foremost we had this amazing free market feedback loop.. Developers knew it was like touching a hot rail, the second they over monetized their game would get a little less fun, they'd drift down the rankings and all of a sudden the system works..

So having feedback loops where we just don't worry about it and we've seen instances along the way where developers have tried to over monetize and tried to figure out their way to get up there, the system overall has kind of self corrected in a really wonderful way.. Question in the back.. - [Audience member] Yeah, so I think in this kind of present moment where society is kind of learning about how social platforms and social networks kind of have a responsibility to regulate speech or to control how users interact, to sort of minimize different kinds of social impacts, and I'm wondering what's your take on that for how you sort of manage the community in that way.. - Yeah this is tricky, I would say for us, safety is really top notch first thing we think about.. So in addition to just how we manage speech it comes down to how we computer filter speech, how we allow nine year olds to communicate together, what we filter, how we respond, how we moderate.. That's a really huge part of what we have to do on the platform.. There's a fairly well, on the platform, stable set of guidelines we use.. One of the guidelines we use kind of at a high level is if a 12 year old has their grandparent looking over their shoulder, is this a conversation that would kind of pass muster and then once we get into more detail we have would I would say is a pretty consistent set of rules that our moderators and our communities, when someone's text is flagged, to decide how we might handle it.. It gets kind of complicated, so we would allow a simulation of a Civil War battle, I don't believe we would allow like a real life hijacking simulation, so teasing apart and having those guidelines pretty clear and making them consistent, it's worked pretty well for us.. We tend not to get into more of the current stuff that's about political type speech..

We try and have I'd say more of a cross domain set of rules.. Yeah.. - [Audience member] So you talked about the things that you experimented with in order to expedite growth, but how do you avoid things which, for example, what Snapchat did, where they added a new feature and it has a backlash.. So how do you consider a future that may have a backlash in your platform? - Yeah, this is super hard and there's, you know, in a whole world of growth right now it's starting to have all these different flavors.. There's highly optimized A/B testing type growth, there's growth where people very closely watch users and try to stay a little bit away from that optimization and just build kind of solid things that users want and have vision.. We tend to have some sense of functionality that we have hyper strong conviction with and we just know this is the future and when release those we will sometimes get enormous backlash but we've learned over time to stick with our conviction on those types of features.. The community is really kinda interesting in that a huge part of being a community is being outspoken and outlandish and hating stuff and just like ah, ah, ah.. We did an experiment early on when because we launched early and we wanted to see what was happening we launched Roblox without animation, literally the avatars were like stick figures that would float around cause we wanted that feedback a month early, so okay now it's time to launch animation, animated avatars, there's no way we're not gonna have animation, so we launched it, there's a bit of a community backlash, if you can believe it.. Just like Roblox is ruined, I'm quitting forever, you know you've diverted from your core principles.. So I would say

when we have strong conviction we just go for it, like when it goes towards that next five to 10 year vision..

Things that we're a little more worried about, like oh my gosh this is the signup flow, we don't have much conviction about the signup flow, we just know we need the most.. That will fully rely on the A/B test.. So I'd say it's a little bit of both.. Yeah, question.. - [Audience member] I'm from China, and (mumbles) and I have a question that you have your community and have ecosystem and millions of people develop there and hundreds of millions of people play there and it's something, making blockchain things and these things can create new creation of the economy system and how to develop, but as far as I know you think as a centralized developer or platform but it seems that you can have a new revolution to cue yourself to create new things for these blockchain things.. So my question is, what is the impact that these blockchains can connect to each other? - Yeah, so the blockchain, there's a lot of buzz right now, I think.. There's lots of people who have some vision that ultimately there will be an open source 3D web and it will be powered by cryptocurrency, and I think this notion is really big right now.. There was an experiment that happened over 20 years ago or 10 years ago, VRML, for those of you that have been around that was also part of that vision that we're gonna have, just like we have HTML, we're gonna have VRML and we're gonna have open source web.. For the record, the question is will blockchain power a more open distributed type of Roblox? I think it's still a ways off because unlike kind of the protocols of the current web running integrated multiplayer physically simulated environments, it's still pretty technically complicated so I'm not seeing that kind of thing happen soon.. I do think there's going to be some interesting action around, are there blockchain currencies that power video games? Are there blockchain, there's a lot of companies being started like we're gonna be the distributed blockchain currency of gaming right now..

I'm not fully bought into that yet, so I'd say for Roblox we're not seeing the benefits of that right now for us.. Yeah way in the back.. - [Audience member] You mentioned early how data is driving some of your most important decisions.. Can you talk about how you balanced data driven decision versus, especially with your design team their creativity which usually runs counter of data? And the second question, what are some of the major bottlenecks that you're experiencing in growing your business whether it's people or infrastructure? - Yeah, so the first is on data versus, on data design and the second is challenges in growing the company.. So there's two sides to this coin, and three or four years ago it was very en vogue, maybe some of the VCs in the room were familiar with this where it literally got to the point where we're gonna throw some stuff up there but then we're just gonna optimize and sit back and A/B test constantly and great emergent things are gonna emerge.. We can go all the way to the other side of the coin which is there are some companies that really don't do A/B testing that have really large consumer companies right now.. I would say we're believers in both.. We don't believe data and analytics will drive the topological breakthroughs and the big strategic stuff.. That's a long ways off and a huge part of our product roadmap is strategic topological big changes that we're never gonna analyze our way to and I'd say we have really serious conviction that we know when we have this it's gonna be really big.. That said, there's a whole other place for the use of data and analytics which is, okay how do we make the existing product run a lot better? And that type of growth data analysis can be teams that swarm over the whole product surface, don't necessarily add functionality but just constantly tweak that..

So I think there's room for both.. The second question, biggest thing in creating a company.. Our vision of our company is in the future as people start to learn about us, less that we're a UGC platform or less that we've got two viral loops is we want people to think we're an amazing people organization.. We've figured out how to find the best people, we've figured out how to, with the least amount of bureaucracy, motivate organic behavior that creates better product.. So it always comes down to people and I'd say half of my job or more is the constant search for great people to join the company.. Way in the back.. - [Audience member] You mentioned a lot of kids playing and implementing stuff for Roblox.. So one of the big things that's been on the news recently and especially with kids is privacy issues, so how do you kind of balance between that and being open? - Yeah so it's kinda interesting in that Facebook and YouTube's business model is an advertising model and an advertising model brings with it a couple of things.. One is cookie drops and COPA issues, and the other is just that constant temptation to increase monetization by sharing data.. What I'm really proud of is our revenue is, we're a transactional model..

We advertise very infrequently now, and will probably more and more migrate purely to brand sponsorships like what we just did with Ready Player One which was an enormous success.. So I think just at its core we're in a much better position for the future.. Besides cookie and COPA and things like that we really don't collect personal information at all for our users, we don't wanna know about them.. We just want them to know about their friends maybe but not about us, so I would say that would be our reaction to the safety and COPA issue.. Yeah, we'll go over here.. - [Audience member] So, this is related to what she asked about.. Where do you draw the line between having more engagement of a user as compared to the kids getting addicted to the (mumbles) that's one, and then Sony, for the Playstation right now they said they will have parental controls.. What are your thoughts on that? - Yeah we're huge advocates of parental controls.. We have a fairly deep sweep, the question is about parental controls and also a question about limiting users.. We do not limit user time right now..

That said, the time that our players spend on Roblox tends to be creation, open ended social as opposed to linear type gameplay.. So we're pretty happy about what people are doing on the platform.. On the aspect of parental controls, we think it's really important to give that type of control and parents on our platform can turn off chat, can turn these things on.. We do believe there should be a fair amount of that stuff.. Yeah question right here.. - [Audience member] How do you maintain the innovation cycle within the company, I mean after being in production 10 years? Is this something more externalized now or it's still within the family of Roblox? - So I like to think that, the question is how do we keep the innovation cycle in the company 10 years later? The product roadmap we have right now for the next five years I feel is actually more aggressive than the one we had five years ago that kind of took us through that growth swipe.. For us, it's about imagining what this

category is, imagining, you know, we can kind of, we see it a little bit and we know how far away it is.. Like we're only 10% of the way there, it's like what are we gonna do next to get there? So it's kind of a system of product road mapping.. We have a lot of people in the company that are trying to envision what this category is gonna be and I would say our challenge is less putting roadmap together, it's more of a sort.. It's more what's the order, how can we get there, what's the fastest way to get there? So it's more of a sorting challenge..

Yes - [Audience member] Two more questions - Two more questions.. Yeah.. - [Audience member] My question is regarding online content.. So I like how the revenue comes from the user created content, right? And then, how do you prevent these users from actually migrating away from Roblox and doing something else like an entire new engine like facility for example to develop their own independent games? - Yeah I would say the best, the question is how do we prevent users from migrating away.. More and more I think we're coming to the best answer which is how does an independent studio make 100 million dollars on our platform? So the best answer is having the biggest platform and then that's not really an option.. The second best answer is what are the things that bring our users right now? We offer a lot of things that really no other platform does, there's 60 million users, they're playing across all devices simultaneously, phone, tablet, computer, console, VR.. It's very easy to get a groundswell of these users.. There's automatic scaling so that when a developer makes a game, if it's good, overnight 100,000 people can be playing it all at the same time.. So we've gotten where we are with I'd say a lot of really good reasons, but we do believe ultimately the best reason will just be true size.. One more question, right here..

- [Audience member] Hi, (mumbles) so I see here that according to some survey that people like children under certain years old they spend more time on Roblox more than the time they're spending on YouTube.. So there's a concern of the parents so how do you (audience noise muffles question) - Yeah it's interesting, the biggest, yeah, thank you.. The question is do we get complaints from parents cause our users are spending potentially more time on Roblox than YouTube.. The primary feedback we get from parents is oh my gosh, thank goodness.. My student became interested in design or computer science or business because they wanted to build a creation on Roblox, so we get a lot of that type feedback, and then we get a lot of other feedback from parents all different things.. My kid's in the hospital, my kid's this, my kid didn't use to have any friends, that unlike playing games my kid has made some social friends and is learning kinda how to act as an ambassador in digital society.. So I would say our parental feedback has been overwhelmingly positive.. Thank you all.. (applause) (upbeat electronic music)..