

Now & Next E01 - Inside YouTube: Beyond Dogs on Skateboards and Viral Video

Full interview transcript

Leora Kornfeld (LK):

I was reading recently about interesting company based in Toronto called Skyship who have the children's programming channel that was build native on YouTube and they have something like 10 billion views.

Mark Swierszcz (MS):

They are huge.

LK:

They're massive and apparently if you have friends who have little kids, toddler kids they find their way to those channels and then they play them nonstop and it's the most annoying thing for the parents but it's fantastic for the company because they're built on YouTube so they have a revenue share. That's great for them, that's great for YouTube. I'm interested in learning more about what's on YouTube's roadmap for both technical development but also talent development for companies like that, for producers?

MS:

That's a huge set of questions. Let me cut them up and look at them in separate ways. For platform development which is what YouTube is, we've always strived that we're a platform, massive, massive global platform. Susan Wojcicki, our CEO, recently I think it was at VidCon or one of the other advertising conferences earlier one of her messages was really, "There's no road map for this. There's a roadmap to scale, there's a road map to scale data, there's a road map to scale delivery of content but once you hit this massive point that YouTube is at, there's no roadmap". We're trying to figure out as we go along but that means building amazing copyright protection system so that everyone's rights are protected whether it's through take down notices, whether it's through monetization, whether it's through copyright strikes, whether it's notices, copyright is protected.

Then also, machine learning and algorithms are applied to let's say bad actors or content that we don't want to have on the platform. Those platforms and those algorithms and machine learning actually has to learn and that takes a bit of time before you're able to automatically strike and automatically take down bad actors or bad content. That really is our medium to long term roadmapping is to make a platform that's extremely accessible politically and audience wise and technology wise is

accessible for freedom for everybody to be able to express themselves on a platform but also not to be interfered with what we call bad actors or bad content. That's I mean distilling it down to maybe five or six sentences but that is a huge, huge goal. There's thousands of engineers at YouTube all around the world whose mission it is to do that every single day.

That's primarily on the platform side, on the creator side and on the company side, specific in Canada, it's been really, really fascinating to see the kind of companies and the kind of individuals, creators that are really starting to explode on the ecosystem. Morgan and everyone at Skyship are a really, really great example of a Canadian organization, I won't say family but a Canadian organization or Canadian company of creators that perhaps I won't say grew up but got their start in a Canadian content ecosystem. We have a really great, rich history of kids content through Nelvana and through all the other Canadian kid's content producers. Once the ecosystem I think for content started to change and kids programming became a little bit more on demand through DVDs and through collections of kids content that you take with you, with your kids, I think producers like Skyship started to see, "Well look, we could completely run our business and skip the whole distribution problem, or distribution challenge on tradition broadcast television, go directly to YouTube".

A few years later and Skyship is definitely one of the top Canadian channels in terms of watch time, in terms of views and in terms of subscribers. They're into the multiple, multiple millions. They've figured it out and they've got a build in global audience and they're not really concerned about the whole distribution conundrum that the traditional Canadian system maybe 10, 20 years ago had.

LK: Also funding right? I would think that they were able to largely bootstrap, is that right?

MS: Yeah. I think there's some kids content I would say is quite costly to make. I wouldn't say it's a primetime drama in terms of cost, but when you're looking at very inexpensive intellectual property in terms of music or songs and match that with animation that maybe is now within reach for the average home computer in terms of computer animation, I think my first interning job was at an animation studio. It took 30 or 40 people to produce the flicking average 30 second Rice Krispies TV spot with the amount of painters and drawers and illustrators and clean up artists and photographers and comp artists all of that and now that can be accomplished on a \$1000 laptop with

probably superior quality. I think this level of kid's content was one of the first ones that independent producers said, "Hey we can actually do this on our own and do this in the basement and actually have content that looks as premium as something that used to take 20 or 30 people five or six years ago". They're a great example for that.

LK: From YouTube's perspective, do you work with a company like that? Do they somehow pop up on your radar and you say, "Gee we're seeing hundreds of millions and billions of views coming here" and then do you get in touch with those companies and work with them to help them optimize?

MS: Yes definitely. We'd have the division used to be called "Online Partnerships" but now it's called "Creator Artist Development". It's for creators, companies, and music artists definitely. There's indicators that flag when a creator is in the stratosphere doing extremely well, that gets on the radar of a small but dedicated team of partnership managers, and they usually directly reach out to the company or to the creator and say "Hey, you popped up on our radar. We'd love to take you on for some months and coach you through this process and make sure that you can hit that milestone". It's almost like a, I don't want to say buddy system, but it's almost like a support system, a limited support system to make sure that the fluke isn't a fluke, it's a continued success.

LK: That works. You have recently also introduced new monetization features. This is something that's really new. Can you talk a bit about those for creators and partners?

MS: Definitely. I think last year at VidCon in terms of the platform, there's the video portion which is obviously incredibly important. We've introduced new video formats, 60 frames for second, 4K. I know that there's certain channels that have 8K unlocked as well for markets like Japan that are testing 8K already, 360 video, 360 stereo stoppage. There's a lot of that in terms of video platform and the buffering or lack of it that's dedicated into the platform. On the other side though, there's also a very robust advertising system. On top of that, there's a few extra layers. The first one last year was called Super Chat which was a way when you're doing a live chat with a creator to pin your comment or pin your request for a very small fee. That revenue goes directly to the creator. Recently we've been exploring with ticketing for bands, merchandise, channel memberships and also marketing partnership opportunities with a company called FameBit. It's actually a Canadian company that YouTube bought last year.

LK: They're one of those influencer marketing companies right?

MS: Yeah I mean I'd say that's simplifying but they're a way for brands and companies to put out offers for creators to partner, they broker that deal so that it doesn't get all awkward and complicated. In terms of above the advertising split, there's a bunch of these different opportunities to monetize. We just launched the merchandising and channel memberships this year at VidCon a week ago I believe.

LK: Now another thing that's going on that I've noticed on my phone is that Instagram is now moving into video. All of a sudden I'm seeing videos on my Instagram feed. How are you at YouTube looking at that?

MS: Video as a platform in general is where everyone is moving to. I think it's the most engaging format, the most one to one direct format that's out there, and it's now accessible to people. It's not extremely expensive to produce for. When we look at something like Instagram TV or IGTV or whatever they're calling it, it's another opportunity for video. I think it's concerning they don't really have a monetization platform yet or at least they haven't shared that with creators. I like how you said we're in our teenage years now, we've had a creative monetization form now for a significant amount of time. Creators have a sense about how they make money on the platform, what hurdle they need to hit, what level they need to reach in order to monetize on the platform. Something like Instagram right now I don't think they've really shared some of the things, they've not really shared how transparent, how robust that revenue sharing opportunity is.

We're keeping an eye on it but I see it as two completely different formats right now. Instagram is going with vertical video which as a video producer in my past with creators that I worked with it's an extremely hard proposition to sell to somebody that only has a limited amount of time to produce a video that's going to go on so many formats including phone, desktop, laptop, living room TV, PC, boards and boardrooms or screens in boardrooms and elevators. Vertical video right now, portrait video right now isn't really doing that well so it's a very hard proposition to make for somebody to make a completely different video in a completely different format. We'll see where it goes.

LK: Seeing that YouTube has effectively minted its own stars with little interference from outside parties, a lot of people I mean they're the names that ring on the web, Lilly Singh, AsapScience,

we know Michael McCrudden, these are the big Canadian YouTube stars. I'm wondering how YouTube approaches talent development or even producer partnerships and development compared to the worlds of TV or film. Your background is you worked extensively in TV.

MS:

Yeah definitely. I think on this side, what I've seen in terms of talent development and in terms of what I'd say of maybe artist development is we take a bit of a different approach. Because we're such a scaled platform and so large, it's very hard to get on board with somebody I'll say at the ground floor, but there are incredible tools that highlight when a creator is doing extremely well across the board or in a certain market. We do have a top creator team that then will attach themselves to that creator but they have to be at a pretty substantially high level in order to get their attention. Once they get their attention, there is a huge amount of support that's put behind them. It's a little bit different I think than what I've seen in the past in Canada or any kind of record label where you really, really develop a core group of artists and perhaps nine of them don't hit but one of them do and maybe they pay for the other nine.

I think on YouTube, it's much, much, much larger platform. Everybody has an opportunity to make a name for themselves. It can't scale up to give everybody one on one supports so we identify people that are doing extremely well that get a much bigger audience with our involvement and offer support at that point.

LK:

I'm curious to know roughly what the level is before people start popping up on your radar or your dashboard meter. There's a lot of activity here, what's going on? What generally is that level?

MS:

Well I'd say at the space at the YouTube space in Toronto at George Brown we host a lot of events and workshops. At about 1000 subscribers, that's when creators are invited to those and they're able to come into those workshops and events. That's really so that we can have a more evolved conversation. We're not teaching people to upload videos. We're not teaching people how to shoot their first video, we're really telling them how to take it to that next level. There's a threshold that I've seen at least in Canada with creators around 60 to 80000 subscribers where they're really leaning into it and they've got fans from around the world or subscribers from around the world, they're able to host a really broad discussion or really broad overview of the topic that they're passionate about. I

really start to see that take off at around 60 to 80 mark, then it's almost in exponential multiples.

I've seen creators like The Sorry Girls go from 40000 subscribers to over about a million in the span of about a year but it's almost like a rocket ship. Once they've hit that global I don't know what it is, that international zeitgeist, then they start to pick up more and more subscribers and again it snowballs from there.

LK: That is with the involvement of YouTube that that often happens or are you saying that that happens organically on its own?

MS: It happens organically on its own and sometimes we tap in just to make sure that no one's forgetting anything, that they're updating their thumbnails, they're making sure that they follow the latest statistics from YouTube that show how people are engaging with the platform, how they're engaging with channels, how they're responding to comments and those sorts of things.

LK: Something else that I've noticed that struck me as interesting is there seems to be a pretty high proportion of star or even superstar creators on YouTube that are from Canada despite the relatively small population that we have, that's the part one, then part two is the number of them that are relocating to LA. I'm looking for some insight from you on this which is, if it's a global platform anyway, why do people need to relocate to LA to Hollywood which is the old system, the old way of doing it?

MS: So start with the first point. I definitely agree. I think we are hitting above our average in terms of creating this next level of celebrity or this next level of creator. What we always teach or we always say about creators or about how to do really well on YouTube is to always be yourself, be authentic. Really what you'll see is the top 20 or the top 100 creators are very, very rich personalities and they're very personable, they're very honest, they're very authentic to who they are and what they do. They're not actors, they're not pretending, they're not really good at acting, they're not really good at emoting. They're really good at being themselves and being passionate about what they do or who they are. I feel that that's a core tenant of Canadians. I feel like we've never had to appease anyone else. We're happy with who we are as a population and as a culture and that's something that has always rung true with previous Canadian celebrities that have done really well in the US.

To the second part though, we have had over 5000 creators come through this space. I would say a significant amount of them are actually staying in Toronto. Toronto's having a moment with sports, we're almost there with I won't say baseball but basketball and I shouldn't say hockey either but-

LK: [21:17](#)

You can say Drake, we've got the Drake effect.

MS: [21:22](#)

-so okay we have the Drake thing but yes. With music, with art, with fashion, maybe a little bit with sports we are getting on an international radar. There is a Toronto pride which I could argue maybe wasn't there maybe 20, 25 years ago when actors who were doing really well were going to the States. I would say the large majority of creators that are doing well from Canada, from Toronto are staying. There are a few that are going to the US and those are the ones that perhaps are looking to dabble in other creative outlets and they're doing it through proximity right? They're doing it because the agency auditions and maybe a five year attempt at doing really well in any of these creative professions can be accelerated into five months where they can do auditions every single day, they can go to acting classes every single day or they can look for brand deals that are based out of the US just because of the proximity.

I really only know maybe four or five of those creators and those are ones that are at a level that is absolutely worth it for them to try it and to take that approach to go down there to be in close proximity to those opportunities. For the most part, the creators that we work with on a day to day basis are still here in Toronto.

LK:

And that ability to reach a global audience from here, that is something that is very, very new. What you described about the people going to LA, it's an option but it's no longer the primary objective because it doesn't have to be.

MS:

Yeah, absolutely. I mean two stories that I think I love sharing are Anthony Deluca who is this great male fashion lifestyle commentator creator, so something that's completely out of the norm of what would be popular on television has amazing hair and amazing fashion sense and he's an Italian guy from Woodbridge. It doesn't make sense on paper but somehow on YouTube, he's doing extremely well in Saudi Arabia and doing extremely well in all of Asia. He gets flown up there all the time and he has a hair care product line launching.

LK:

I really want to see his hair now, like now you've got me intrigued.

MS: It's awesome, it's awesome! Here's a creator, here's this fashion aficionado from North of Toronto that puts a lot of love into his work, into his videos and somehow he's blown up in a completely different market, bypassed the completely traditional system of shooting a pilot, pitching it to a broadcaster, getting a series order, begging for a season two, fighting a time slot then going to France to sell internationally, maybe getting a few broadcasters then doing the same thing for three years then maybe getting a brand deal. He did this in probably about four or five months.

LK: Incredible.

MS: Unfortunately funding models and all of the funding models for broadcasters aren't available for him so we've actually had him sit with Minister Joly and talk about his story and about how the traditional funding models and the paperwork and the business plans and the attachment to a broadcaster that have been required in the past don't necessarily fit in this model but here's on the other side, here's what he's able to achieve on his own. If he had the ability to qualify for funding, he could potentially expand his story even more for or creators to get into that same place. We've done the same things with The Sorry Girls who have also exited I'd say exited the Canadian stratosphere and have fans and followers and subscribers from all around the world, and a very similar story, have a lot of brand deals and they're doing extremely well. They don't qualify for funding. It's a story that we've put forth to the Minister several times as part of a whole list of other changes that perhaps might happen.

Here's a really great opportunity, these are amazing Canadian talents that are getting their content exported globally and they are staying here.

LK: Couldn't you argue that they don't need the funding?

MS: Well I think it's a great conversation to have with the creator when they're bootstrapping their career, they're I won't say global superstars but they're globally known and they're doing extremely well but they don't have the capital to shoot maybe an extremely high quality high produced series or short form show and they're doing it all on their own. I think there's still a sense of everyone doing this on their own and they're bootstrapping it. Maybe they have one or two people helping them out with it but it's not at that level of professional broadcast production. I think that's where funding would help. On the flip side, you could say that does a massive show on a

massive broadcaster need to be bootstrapped by a funding model? I think that's where a lot of our discussions have gone.

LK:

On the one hand, we have YouTube being the world of on demand, anything you can imagine. It's this on demand world. For me personally, whether or not something is high quality, technically high quality doesn't even really matter because I don't really want it to look to TV and I don't really expect it to look like TV. It sounds like there's a bit of a pull in that direction towards those TV production standards and levels too. Is that fair to say?

MS:

Yeah I think it's maybe not as how do you say it's not like the money is on the screen. It's more of let's say you're a DIY creator, do you have enough to pay for an assistant to set up the entire shoot so that you can plan, and you can rehearse? It's those behind the screens behind the scenes sort of thing I think that are the next level. I know for example How to Bake It which is Yolanda and her team they're a Toronto based group, they formerly had a court show and they decided to do this on their own now, millions of subscribers now and she's able to employ five people. She's basically able to run a very small production shop herself. Her and Domestic Geek Sara Lynn Cauchon is also in a similar situation. They've pushed and pushed and pushed to get funding support and they've gotten it but because of that, they've been able to hire and they've been able to create jobs. I think that's where the missing piece is right now.

It's how do you get more bodies working on your content to help you make it more professional, so it's not just you in your basement sitting around and shooting it and editing it yourself and having this really isolating experience? It's how do you create a business out of this? How do you take this to the next level? How do you employ people? How do you find more talent, put them under your wing? How do you create that, renting a space, renting a studio, not doing it from your condo? We'd love to help. The YouTube space is fantastic. It's an amazing opportunity for creators to go and have 3000 square feet and pull out their cameras and lights and gear for their productions but how does somebody do this on their own and how do they take it to that next level so that they can build the next Nelvana, they can build the next Skyship, they can build the next Insight Productions?

LK:

Right and we don't want to be Toronto centric because let's face it, if you're not in Toronto, you don't have access to that space. Are there any other YouTube spaces in Canada or is there just the one in Toronto?

MS: There's just one in Toronto right now. Most of the creator activity is focused in Toronto. We did a pop up space last year in Montreal that really focused on the French creator population but we're always exploring options and exploring opportunities. If we see that there's a huge surge in creators in Flin Flon, then we'll take a look at that.

There is one guy there's Samurai Guitarist out of Winnipeg and he's amazing and he does a lot samurai guitar heavy guitar covers of songs, very, very unique and very, very creative out of Winnipeg.

LK: Is he doing stuff out of his bedroom or how is he doing it?

MS: Yes, still yeah out of his bedroom but hoping to get out of there. He's going to come to the space on a trip next week.

LK: What about integration between Google Home and YouTube? What could be coming out there?

MS: Well actually funny you say that, we just launched YouTube Music which is a music streaming product in Canada. There's some really, really cool integrations with that with knowing where you are, the time of day, knowing certain playlists that you like to play. I know in my house I've got a Chromecast hooked up to the TV and Google Home and I can actually ask it to broadcast let's say Skyship or any kids content for my daughter, I can now turn on the TV and start playing it on YouTube on my TV.

LK: Where do you see things like this developing further?

MS: I think any place in the home where there's friction in the day, traditional things like turning on the TV in the morning to get the forecast or the weather or the traffic report, any of those sort of traditional push pull uses of traditional media I think are being replaced. I hear a lot of stories of people who wake up they have a routine programmed into a smart home product and they ask it to start that routine and it could playing back a podcast, telling you the weather or alerting you if there's a delay to work either on the TTC or whatever road you'd be taking or whatever highway you'd be taking, optimizing time and making things a lot easier for people.

LK: The days of throwing the clock radio across the room to shut it up, those are over. You don't want to be throwing your smart speaker across the room.

MS:

Yeah I think we're slowly winding down on that. Hopefully the thing that wakes you up in the morning gives you some pleasant information and not just a screaming alarm.