

# YouTube's first decade shows sharing free content pays off

May 24 2015, by Michael Liedtke

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In this March 29, 2006 file photo, YouTube cofounders Chad Hurley, 29, left, and Steven Chen, 27, pose for a photo with their laptops at their office loft in a San Mateo, Calif. YouTube has been celebrating its 10th anniversary throughout May 2015 because the site entered its testing, or "beta," phase in May 2005, but the company's roots go further back. Co-founders Hurley, Chen and Jawed Karim started YouTube in February 2005 shortly after realizing there wasn't an easy way for people to share their videos on the Internet. (AP Photo/Tony Avelar, File)

YouTube's legacy extends beyond its pioneering role in the Internet's video revolution. The 10-year-old site provided a stage for exhibitionists, narcissists and activists to broadcast their opinions, show off their talents, expose abuses or just pass along their favorite clips of movies, TV shows, music, cute kittens and other interests.

The rampant sharing on YouTube quickly attracted a massive audience that loved watching what they wanted when they wanted, even if much of the material was being contributed by amateurs.

YouTube's rapid rise demonstrated that influential media hubs could be built around free content supplied by an Internet service's users. Other companies that went on to embrace a similar strategy included Facebook, which limited its [online social network](#) to college and [high school students](#) until opening up the service to anyone 13 or older beginning in September 2006. That was just before YouTube's whirlwind success culminated in its \$1.76 billion sale to Google Inc.

In the spirit of sharing popularized by YouTube, here are a few moments to remember from the site's first decade:

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## MAJOR MILESTONES

YouTube's potential to transform people's viewing habits became apparent during the autumn of 2005 when a Nike soccer shoe ad called "Touch of Gold" became the first [video](#) on the site to be watched 1 million times.

The dance video "Gangnam Style" became the first YouTube video to surpass 1 billion views in 2012. The clip from South Korean rapper Psy still reigns as YouTube's most-watched video at 2.3 billion views. The

only other video to break the billion barrier so far has been "Baby" by Justin Bieber, but YouTube expects clips by singers Katy Perry, Shakira, Taylor Swift, Meghan Trainor and Miley Cyrus to eventually join the exclusive club.

In 2007, about six hours of video footage was being transferred to YouTube every minute. Now, about 300 hours of video is uploaded to YouTube each minute, or about 432,000 hours per day. That means it would take about 49 years to watch all the videos posted on YouTube on a typical day.



In this Feb. 2, 2008 file photo, YouTube co-founders Chad Hurley, left, and Steve Chen, arrive at the 2008 Producers Guild Awards where they received the Vanguard Award in Beverly Hills, Calif. YouTube has been celebrating its 10th anniversary throughout May 2015 because the site entered its testing, or "beta," phase in May 2005, but the company's roots go further back. Co-founders Hurley, Chen and Jawed Karim started YouTube in February 2005 shortly after realizing there wasn't an easy way for people to share their videos on the

Internet. (AP Photo/Danny Moloshok, File)

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## VIDEO VILLIANS

Most TV and movie executives initially reviled YouTube, contending the site's early success stemmed from its lax controls against video pirates posting copyrighted clips. Even Google initially viewed the [video site](#) as a "'rogue enabler' of content theft," according to internal documents that surfaced in a copyright lawsuit filed against YouTube.

YouTube steadfastly denied wrongdoing and, as a defense, pointed to its policy of removing pirated video whenever asked by a copyright holder.

Shortly after being bought by Google, YouTube built an automated detection system that prevents most unauthorized clips from appearing on its site.

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## THE BIG WINDFALL

In need of additional computing power and legal protection against the pirating claims, YouTube's founders decided to sell in 2006. They negotiated the Google deal in a series of meetings in a Denny's restaurant in Palo Alto, California, instead of YouTube's dinky office located above a pizza parlor in nearby San Mateo. The purchase price was originally set at \$1.65 billion in Google stock, but the value of the shares had climbed by the time the deal closed in November 2006 to set the final price at \$1.76 billion.

The biggest winners were co-founders Chad Hurley, Steve Chen and Jawed Karim , who collectively received nearly \$700 million in Google stock. Hurley now runs a mobile video site called MixBitApp. Chen is an entrepreneur-in-residence at Google's venture capital arm. Karim is financing and advising startups at Y Ventures.

YouTube employed fewer than 70 people at the time of the sale, and at least 18 of them became millionaires. Other early investors in the site who pocketed smaller windfalls included TV talk show host Maury Povich and former network TV news broadcaster Forrest Sawyer.

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## WHAT IT'S WORTH NOW

Google has never disclosed how much money YouTube brings in or even if the site is profitable. The research firm eMarketer projects YouTube will sell about \$4.3 billion in advertising this year, after subtracting commissions and licensing fees. That would translate into about 7 percent of Google's projected revenue of \$60 billion this year after subtracting advertising commissions.

If it were an independent company, YouTube likely would be worth at least \$20 billion, based on investors' assessment of Netflix—the Internet's leading video subscription service. Netflix currently has a market value of \$37 billion, or about five and half times its projected revenue this year.

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