

A background image showing a group of business professionals in a meeting, with their hands shaking in a central gesture. The image is overlaid with a semi-transparent teal color. The text is centered and reads:

Mergers & Acquisitions

PITCH DECK

*Alphabet (Google)
Acquires Pinterest*

THE TEAM



Austin Jarred

*Executive Summary, Diligence,
Negotiations, and Integration*



Mariami Lolashvili

*Strategic Synergies and
Technical/Product Integration*



Swain Sulker

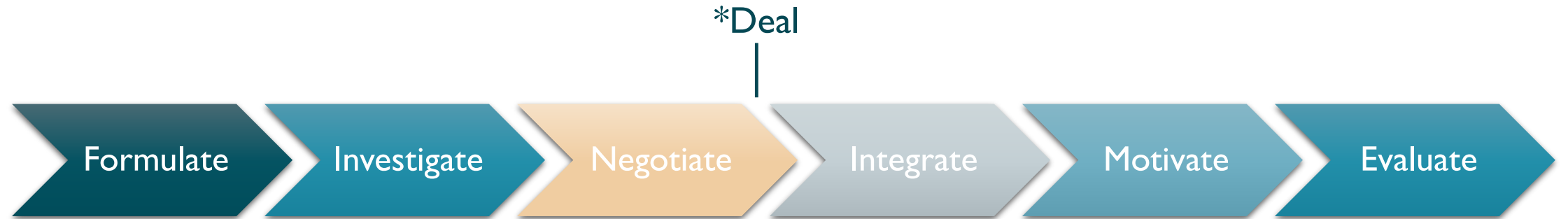
*Communication Strategy,
Integration Scorecard*



Alice Fan

*Organizational Culture, HR
Integration*

THE DEAL FLOW MODEL



Define Objectives & Strategy

Conduct Thorough Due Diligence; Plan integration

Agree on Value Set Price, Performance, People, Legal & Governance Interim Operating Covenant

Implement processes, people & systems; communicate w/ stakeholders

Identify key talent and enhance perception & rewards

M&A Scorecard to assess performance and determine any potential need for "repair"



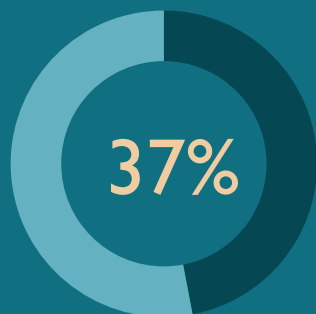
THE BIG IDEA – Scope Deal

*Google, should diversify it's product offerings, specifically in the **social media** space, to compete with other Big Tech giants. Pinterest, a **social media** platform for inspiring and sharing ideas, would benefit from the infrastructure and market expansion that Google can offer.*

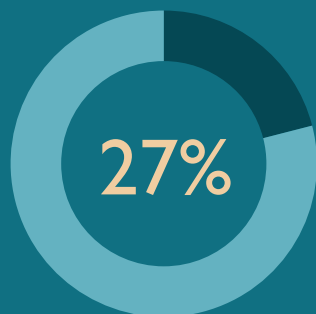
INDUSTRY OUTLOOK: Big Tech (US)



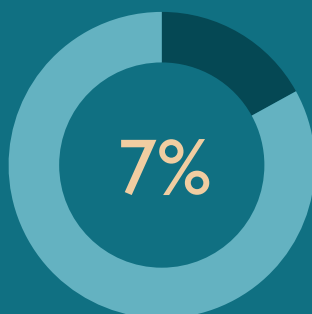
MARKET SHARE: Top 5 Social Media Companies



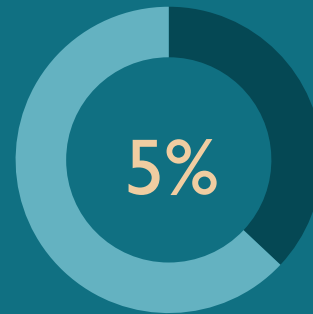
Facebook



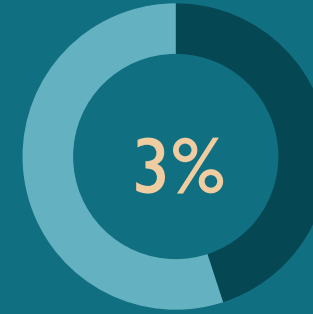
YouTube



Twitter



Reddit



Instagram

Facebook effectively has 40% market share (including IG) while Alphabet (Google), who owns YouTube, has only 27%

Pinterest is ranked #6 with 1.95% market share

**Stats as of Jan 2020*

DEAL MOTIVATED?

Google – New Entry for Social Media

- *Competitor: Facebook +10%*
- *Prior SM Failure: **Google+***
- *Current Experiment: Shoelace*

Pinterest – Risks Identified at IPO

- *Failure to Attract New Advertisers*
- *Infrastructure: **Dependent on Amazon***
- *Rivals: **Facebook, Instagram & Amazon***

OVERVIEW: Google



Mission & Vision

Organize the world's information and make it universally accessible.

Provide access to the world's information in one click.



Business Model

Generates revenue through advertising and selling SEO keywords to businesses (Adwords). Adwords pays for publishers to create content. Maintains customer satisfaction with free services (search engine).



Strategy

Product Differentiation

Broad Market Scope

Emphasis on Innovation



Structure

Product Family Structure

The Media Advertising and Marketing Product Family has room for diversifying, as YouTube is the only mainstream social media product.

OVERVIEW: Pinterest



Mission & Vision

Help empower people to discover the things they love and inspire them to go do those things in real life.

Bring everyone the inspiration to create the life they love.



Business Model

Generates revenue by selling advertising to companies and marketers who seek to gain visibility & sales. Digital ads charged by engagement/action.



Strategy

Product Differentiation

Broad Market Scope

Emphasis on Discovery



Differentiating Products/Services

Visual Search (search individual items in a Pin)

Lens (Search using camera)

Browser Buttons (save anything around the web)

Promoted Pins (businesses pay for pins to be seen by more users)

DUE DILIGENCE

Deal Value Identified through Priority Synergy Areas

Strategy
& Product

Sales &
Marketing

Talent &
Culture

SYNERGIES: Strategy & Product

Google – Product Extension

Enhanced product offering (Pins)

Innovative search features

Higher Traffic

Ad Revenue increase

Pinterest – Market Extension

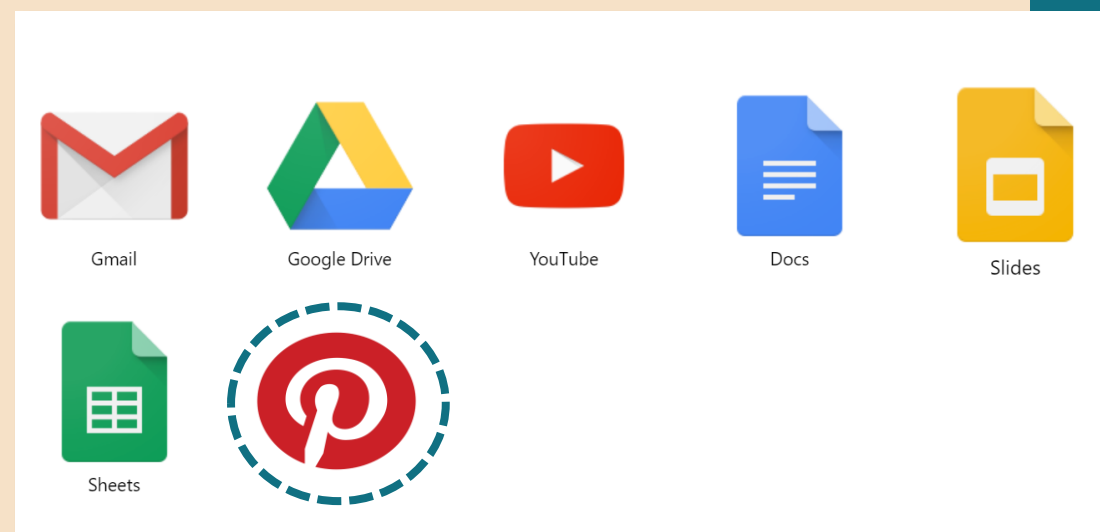
Individual user increase (Global Pinners)

Business customer increase

Enhanced product offering (Video ads)

Better search infrastructure, less dependent on Amazon

PRODUCT STRATEGY: In Action



Google adds “Pin it” Button to the search engine, YouTube & product marketplace

GoogleAds will have Pinterest “Visual Storefront” with product/service images

For more inspiration users will be redirected to the company board on Pinterest

On Pinterest, google users will have a social platform where they refer to the brands, share images and YouTube videos

Shoppable Product Pins will include a current price tag and link to checkout on the retailer’s site

SYNERGIES: Sales & Marketing

Google – Advertising Capabilities

Google's search engine (3.5 billion daily searches) attracts larger traffic. Pinterest ads SERP will be increased by higher customer engagement. Demographics will be both female and male - Global

Youtube will integrate "Pin it" button on the homepage. For exp: Youtube/Fashion - fashion and beauty youtubers & regular pinners will create video pins and share on Pinterest

Pinterest – Marketing Capabilities

Pinterest will use visual AI (Lens) to match massive amount of product images to pinners by related pins and recommendations

Users will interact with pins on Pinterest platform: saving, and referring to others building social relationships

Product diversity, with higher quality images trigger users for further clicking (longer stay) on advertiser's website = purchase

PRIORITIZATION of CULTURAL LEVERS

Important for integration for a Scope Deal with separate cultures and little overlap

Strategy	Values	Rewards & Recognition
Staffing & Selection	Training	Ceremonies & Events
Rules/Policies	Goals & Measures	Decision-Making
Leadership Behavior	Communication	Physical Environment
Organizational Structure		Customs & Norms

CULTURE FOCUS

Synergies	Risks	Mitigations
Differentiators Value New Ideas Technology Industry Supportive Leader Style	Pinterest more hierarchical Google has a more comprehensive total rewards system	Emphasize bottom-up decision-making more and titles less Invest in innovative ideas Complement Google's rewards system

EMPLOYEE-BASED LEGAL REVIEW

- ✓ Sarbanes/Oxley
- ✓ ERISA
- ✓ 409A
- ✓ 280G

NEGOTIATION CONSIDERATIONS



Agree on Value

Informed by due diligence and functional teams



Interim Operating Agreement

Capital Expenditures limited to ordinary course, business as usual

Transition Services - Payroll and Benefits

Understand Appropriate Communication about the deal



Post-Closing Covenant

*Retaining key executives & talent -- Pinterest
Executives are not entitled to cash severance payments preceding or following change in control.
Not entitled to vesting their stock.*

KEY INTEGRATION AREAS

TASK FORCES

Tech/Product

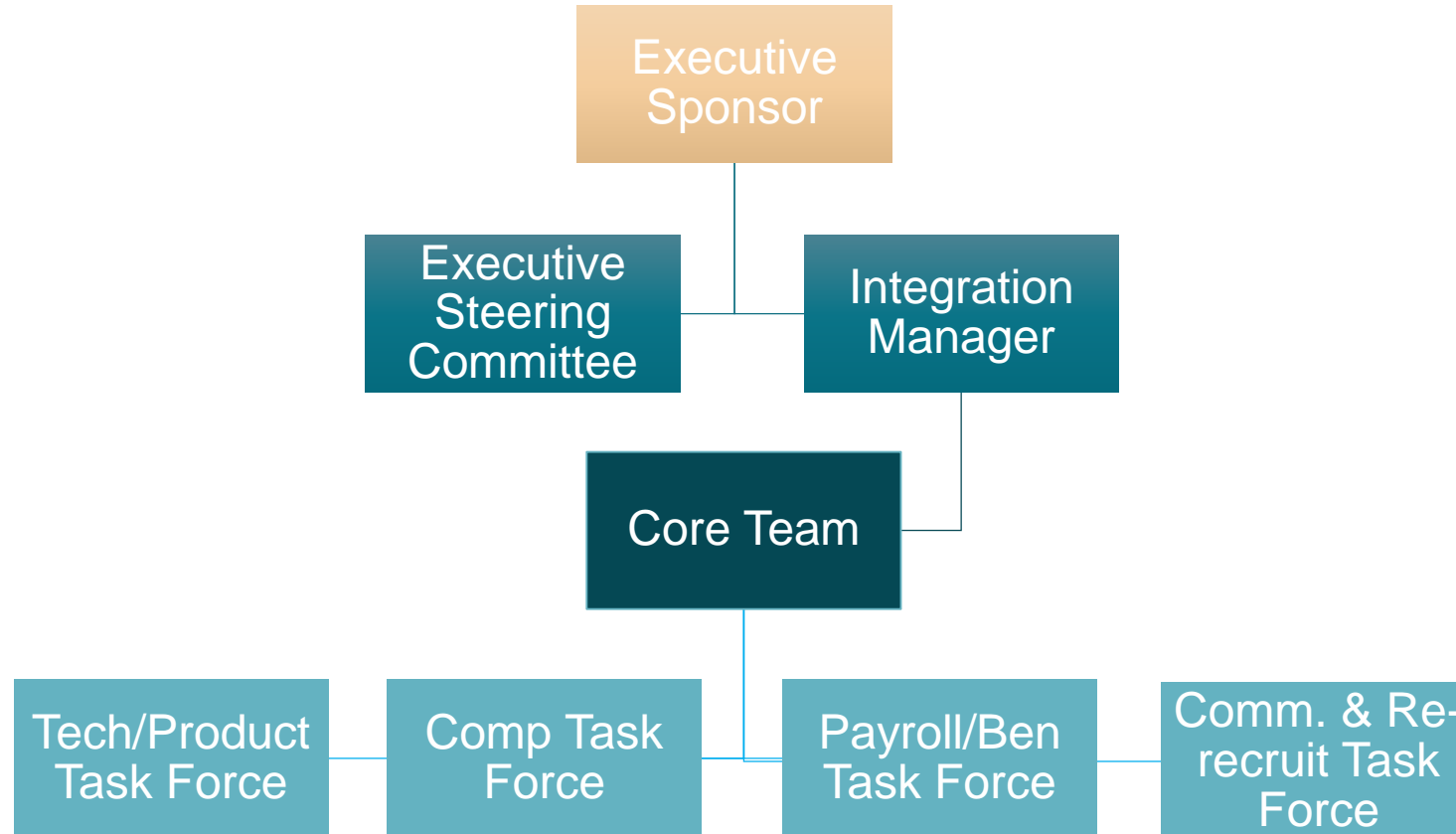
Payroll/Benefits

Compensation

Communication/
Re-recruiting

- **SCOPE DEAL** w/ very little overlap - Standalone Integration – Strategy, Operations and Decision-making will remain autonomous at Pinterest
- Payroll, Benefits, Treasurer and select corporate functions will be consolidated based on due diligence
- Quarterly financial and project update reporting to Google by Pinterest will be agreed upon
- FAST, transparent approach – 6 months to 1 year with honest and frequent communication
- Culture kept separate but goal to learn best practices from one another

INTEGRATION MANAGEMENT



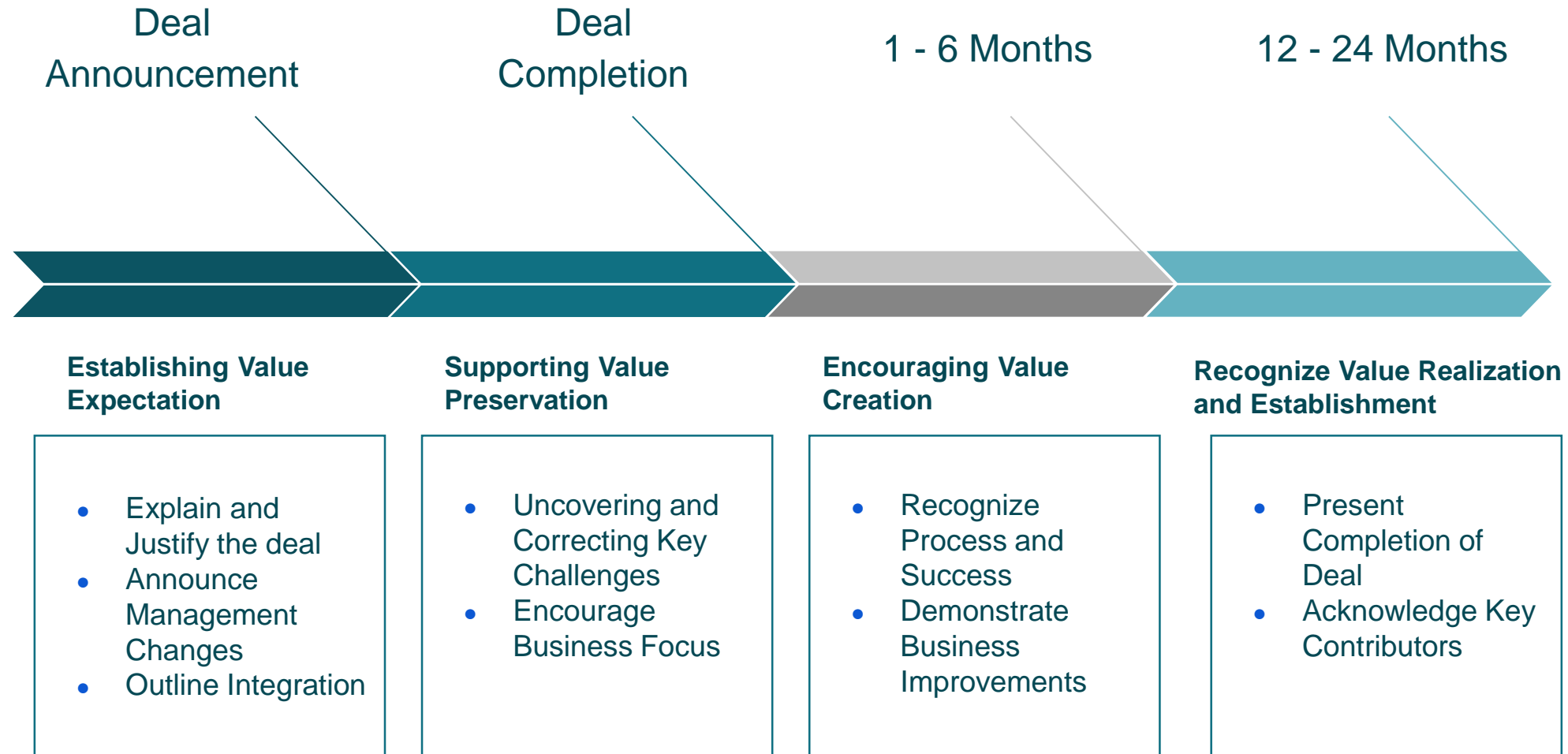
COMMUNICATION PLAN

Stakeholder	Key Issues	How?	Owners
Acquirer (Google)	Confidence in abilities of Leadership, Management and Retained Talent	Video Conference Conference Call	Google CEO – Sundar Pichai
Target (Pinterest)	Complying w/ Interim Operating Agreement	Video Conference Conference Call	Sundar Pichai
Management (Pinterest)	Job Security	Conference Calls Meetings (Formal & Informal)	Pinterest CEO – Ben Silberman
Employees (Pinterest)	Job Security and other “Me” Issues	Emails, Bulletin Boards & Intranet Presentations Focus Groups Hotlines	Ben Silberman and Pinterest Management
Google’s HCM Provider	Payroll, Benefits, Staffing and organization- two way communication	Workshops Email Newsletter Phone Calls Presentations	Google CHRO – Eileen Naughton or successor

COMMUNICATION PLAN (cont.)

Stakeholder	Key Issues	How?	Owner
Customers	Reliability, continuity of service	Emails, Magazines, Commercials, Social Media, Newspaper, Publications	Google/Pinterest CEOs
Business Partners/Shareholders	Continuity of business	Financial Statements, Newsletters, Emails	Pinterest CEO, CFO & CMO
Regulators & Tax Authorities	Adherence to regulations	Financial Statements, Audit reporting	Google/Pinterest CFO
Media	Negative press/doubt	Press Release, Financial & Sustainability Reporting	Pinterest Communications Director/PR Director

COMMUNICATION MILESTONES



RETENTION/ RE-RECRUITMENT

Owned by Pinterest Team:

Ben Silbermann, CEO

Li Fan – Head of Engineering (former lead of Google Image Search)

Direct Supervisors

HR Management

Identify 3 Retention Categories

- A. Critical for long-term
- B. Critical for transition period
- C. Not critical to retain

Conduct fair employee audit

Focus on engineers for critical knowledge

- 12 Product Team Engineers
- 12 Visual AI Researches

Offer Google's benefits and rewards program for retained workers

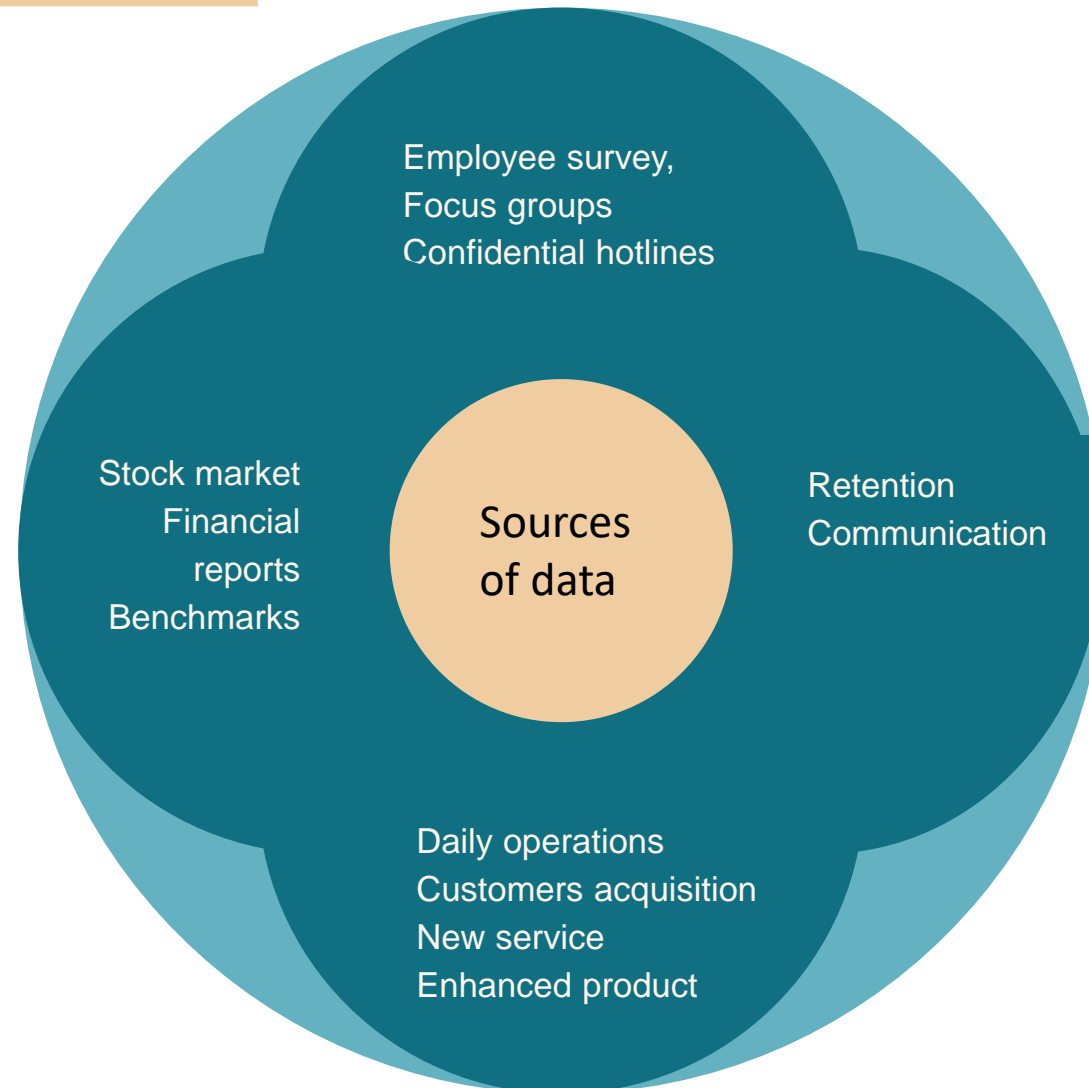
- Salary, Equity, Health Insurance, Fringe Benefits, etc.

Address "Me Issues"










- Job security, Control, Inclusion, Ego and Confidence

SOURCES OF DATA

Evaluate



M&A SCORECARD

Focus Area	Metric	Goals	Unit	Status
Strategic	New and Enhanced Products	Increase product pipeline by 10 products		
	Geographic Extension	Increase global presence by 10%		
Operational, Sales, Marketing	Systems Integration	Reduce timeline by 2 months		
	Customer Acquisition Rate	Increase global customers by 10%		
Human Capital	Turnover	Retain 80% of Key Talent		
	Employee Benefits	Benchmark comps		
	Culture	Employee Satisfaction/Engagement Surveys		
Financial	Revenue Generating Synergies	Google Ad Revenue increase 5%		
	Cost Reduction Synergies	1m in cost reduction from redundancy elimination		

SUMMARY



Characteristics

Scope Deal – Product & Geographic Extension

Standalone Integration – Keeping Culture Separate



Challenges

Retaining key Pinterest talent for critical knowledge of product/tech

Communicating deal effectively with stakeholders



Why are we doing this deal?

Shared valuable resources: Infrastructure, Market

Increased shareholder value through product, operations, technology and marketing synergies



THANK YOU!

www.austinjarred.com

Austin.jarred@gmail.com