

PANDORA[®]

A history & lessons.

Nov. 6, 2013

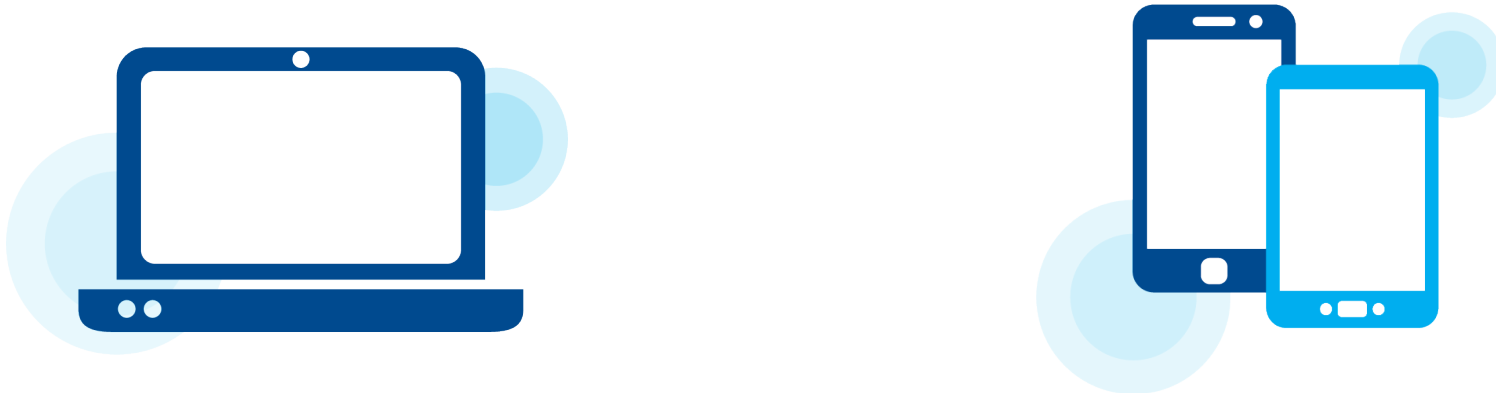
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Introduction

Here to talk about Pandora's Web to Mobile App transition

Not really a technology story

Story of passion, people, and hard choices



Ancient History

Savage Beast: 2000

Music sampling kiosks, websites, apis...

Raising Venture Capital: 2004



The Beginning of Pandora

Elevator pitch: “One Click Personal Radio”

We understood the mainstream opportunity

We saw a transformation coming

Reason to believe we could be the best in the world



The Music Genome Project

Rigorous analysis of 100 years of popular music

Understood at the musicological level

25 Professional Musicians

Listen to every song, catalog 100's of dimensions

Do the unscalable thing when you have to



Pandora on the Web

Accepted that "we are not the consumer"

Focused on MVP, despite dissenters

Had a theory about how to scale, but didn't always build out

Minimized user experience surface area



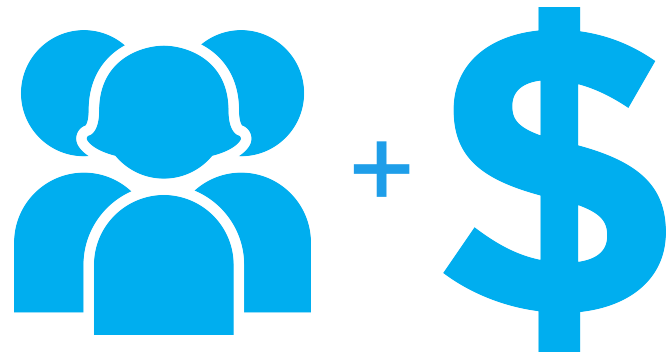
Building audience and a business plan

Many failed music startups

Subscription at launch (free trial to paywall @ \$36/year)

Advertising supported free 90 days later

Grew audience through word of mouth to 13 million users



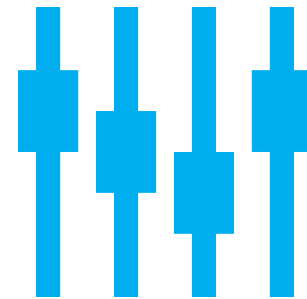
Managing Priorities

Small team; most revenue going to record labels

No long term roadmaps!

"The Process"

- Build a new list of potential projects every 90 days
- Define each to the level of a single presentation slide
- Scope: \$5 one engineer-month, \$10-two, etc
- Compute 90 day capacity: \$150
- Gather the prioritization team
- Spend the \$150 across projects
- A miracle happens



It's the Playlists Stupid

2006-2008: added dozens of features

Fell victim to "me too" thinking

Better playlists move all the core metrics

The rise of A/B testing at Pandora



A Business Crisis

Royalty ruling of 2007

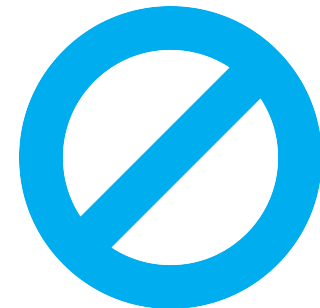
Tripled core music licensing costs

Negotiated a settlement after 2.5 years of negotiation

Took 3 acts of congress

Lessons:

- Understand your business
- Never gave up
- Don't speculate about when it will end



Breaking Pandora free from the Web

Slim Devices

Feature phones

Spring 2008:

- 13M web users
- hundreds of mobile & CE
- More dissent

Then, a game changer...



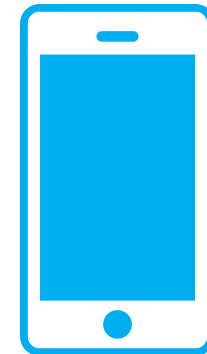
Pandora for iPhone

Visited Apple in December '07

Jailbroken experiments, Jan – March '08

3 weeks to get to version 1.0

First mover matters, but so does execution



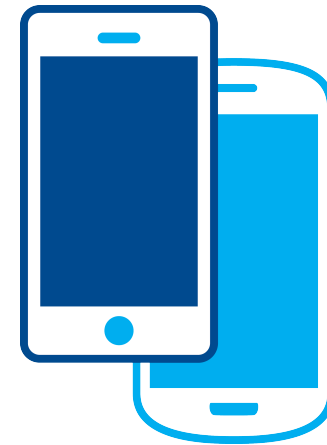
Blackberry, PalmOS, Android

Blackberry: don't count out "today's" platforms

WebOS: don't believe the flattery

Android: timing is everything

But don't be a jerk



What Advertisers Want

Audiences, at scale

3rd party measurement

Proven creative units

Collaboration

Things that "no one has done before"



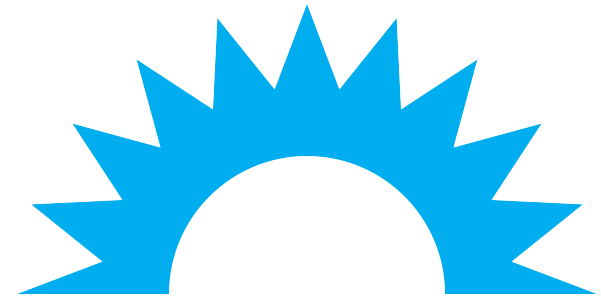
Going Public

Plan to be a 100 year company

Being public is just one step in maturing

It's not terrible or even particularly hard

Requires maturity, predictability, infrastructure



There's always something

Pandora for Automotive

Another fresh start (technology, UX, advertising)

Business development a competitive advantage

100 automobiles from 25 OEM's



Teams are the Unit of Scale

Pandora Engineering scaling kicked in late 2012

40 engineers? Time for teams.

Teams

- Tied to audiences or goals, not platforms
- Manage backlog, priorities
- Are domain experts, startups-within-startups
- Responsible for results





Questions?

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