

To: "Patrick Walker" <pjwalker@google.com>
From: "Joanna Shields" <joannas@google.com>
Cc:
Bcc:
Received Date: 2006-06-28 15:24:42 CST
Subject: Fw: you tube

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: David Eun
To: Peter Chan; Jonathan Rosenberg; Susan Wojcicki; Jennifer Feikin; Joanna Shields; David Drummond
CC: Elliot Schrage; Sheryl Sandberg
Sent: Wed Jun 28 07:18:58 2006
Subject: Re: you tube

(Copying Elliot and Sheryl)

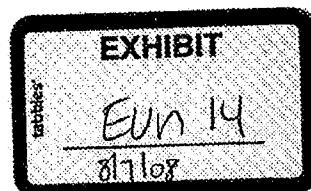
I think it's clear that all of us want to do what's best for Google =ideo. Nothing is out of the question to consider, including our =urrent copyright enforcement policy. It's also clear that no one knows =actly how the space will evolve, so it's much easier to look back and =oint out course corrections we should have made.

That said, here are a few things to consider as we continue to discuss =ur copyright enforcement issue:

1. NBC has explicitly stated to us that they recognize and appreciate =ur proactive copyright enforcement policy and want to do a large, =trategic deal with us, including but not limited to video. This is a =eflection of their view that we're a big company with resources that =gets it." Tim A. and I are planning a meeting with various senior execs =rom NBC to frame what this might look like.
2. In their minds they are being very pragmatic and co-opting YouTube as = promotional platform, creating the equivalent of our Partner pages =ith some one-time promotions. NBC has received assurances that YouTube =ill increase the level of scrutiny to identify illegal uploads going =orward, i.e., the direction is to increase the level of policing, not =crease and YouTube recognizes this.
3. We shouldn't lose sight of the fact that despite some fantastic =evelopments lately to improve our product and UI, YouTube has been a =eader in traffic generation because of its tools and functionality, not =ust its loose copyright enforcement. We're losing the traffic battle =o them and will continue to unless we continue to improve our product =xperience and acquire as much good content as possible (and not just =remium content).
4. Changing our policy has implications for other parts of our business: =) the Print suit: where our interpretation and enforcement of rights =ssociated with copyright is in question; b) outside the US: where the =MCA doesn't apply and content owners are even more vociferous about =rotecting their content; and c) to Advertising and Syndication: what we =hink is THE business opportunity for GV. This is not possible to build =ithout the support of premium content owners, the very parties who are =ost sensitive about copyright enforcement, many of whom "blame" us for =dentifying sites with illegal content in our search product and want us =o refrain from monetizing sites that traffic in illegal uploads.
5. Things are still very early. The large media companies are very, =ery slow and relatively disorganized. But, just because they haven't =cted on this doesn't mean they won't.
6. Lastly, as Sergey pointed out at our last GPS, is changing a policy =o increase traffic knowing beforehand that we'll profit from illegal =ownloads how we want to conduct our business? Is this Googley?

My opinion is that we should continue to work aggressively on improving =eatures and functionality; double down

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on efforts to get the most appealing content possible for our ads and syndication deals; and push like crazy to get content owners to clarify their positions on this issue. I think ultimately though we won't get perfect clarity from the content owners, so what we'll have to decide is whether the presumed benefits to traffic from a policy change outweigh the resulting risks and costs.

As for me, I'm open to changing our policy. I'm just not sure NOW is the time to do it. Without minimizing YouTube's achievements, I'd rather focus on increasing our own efforts to win now and in the longer term. I'm interested to hear what others think.

Apologies for the length of this email. As Mark Twain said, I would have written you a shorter response if I had more time.

Dave

On 6/28/06, Peter Chane <peterch@google.com> wrote:

I think you are right about the lesson although in our most recent discussion about our content acceptance policy the sentiment was against making a policy change for Google Video. I think that's a mistake but I think I'm in the minority.

I think Youtube is playing their hand brilliantly by using their traffic and the dmca to their advantage. The NBC deal validated them. I worry that they are setting themselves up to be much more than a site to watch stupid viral videos.

Youtube is not just a Google Video competitor; they want to aggregate media traffic to their site and capture these queries. And they are developing their own ad system to monetize videos which appear on many sites across the web. They are a search site with an Adwords/AdSense program getting started.

P.

On 6/27/06, Jonathan Rosenberg <[REDACTED]> wrote:

Seems to me like the dynamic here worked out the opposite of what we had been telling each other. We were cautioning ourselves to avoid the rewheeling users posting NBC material as this would alienate NBC from us. Meanwhile, we lost users because YouTube had the content illegally. Next, NBC worked with them more aggressively than us because they saw the viral nature and now they have a deal. Shouldn't the lesson here be to play faster and looser and be aggressive until either a court says "no" or a deal gets struck. I don't think there can be an in-between...and we were on the wrong end.

jr

NBC Taps Popularity Of Online Video Site

By Sara Kehaulani Goo
Washington Post Staff Writer
Wednesday, June 28, 2006; D01

Online video company YouTube Inc. said yesterday that it will promote NBC's fall television lineup and sponsor a contest related to a popular network show, signaling a wave of marriages between old-

Guba LLC said its deal with Warner Bros. essentially reconfigured its revenue model, so it is no longer all ad-supported, and Guba sees less of its future tied to video content generated from the public.

While video posted by users is compelling, it is not going to pay the rent, the company said.

"A kid falling off a skateboard, or a kid lip-syncing -- I don't know if it has legs or endurance," said Thomas Molnerney, chief executive of Guba. "People are used to paying for films, which to us presents a very clear revenue opportunity. The challenge for YouTube is how to keep the community happy and also make money."

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