

To: "David Eun" <deun@google.com>
From: "Suzie Reider" <sreider@google.com>
Cc:
Bcc:
Received Date: 2007-09-14 05:58:37 CST
Subject: Fwd: In Bloom with Uma Thurman

thanks for putting so much into this explanation.
no - not a good path for us to go down.

i thought today was good. a strong start and chad has turned a corner - he said two things today: playbacks of partner content are what matters and the OKRs need to be company wide and serve many departments.

if we think back to last Nov. you are chad, your head is spinning and Eric Schmidt, CEO of the most powerful company in the world tells you your only focus is grow playbacks to 1B/day.... that's what you do. we've come a long way - with a long way to go... but it feels different these past few months - like people are aligning. its good. interested in your thoughts when i see you next.

----- Forwarded message -----

From: David Eun <deun@google.com>
Date: Sep 13, 2007 2:59 PM
Subject: Re: In Bloom with Uma Thurman
To: Tim Armstrong <tim@google.com>
Cc: Megan Smith <megans@google.com>, Dylan Casey <dcasey@google.com>, Ash Eldifrawi <ashe@google.com>, Chad Hurley <chad@youtube.com>, Steve Chen <steve@youtube.com>, Suzie Reider <sreider@google.com>, Jordan Hoffner <jhoffner@google.com>, Kevin Donahue <kevin@youtube.com>

(- Mark Cuban; + Suzie Reider; + Jordan Hoffner; + Kevin Donahue)

(Pls note all numbers are confidential)

Tim,

We've been talking to Mark's company for a while now about partnering with YT (emphasizing promotional benefits with a branded partner channel) and there hasn't been that much receptivity. He's also been one of the most vocal, if not the most vocal critic, of YT in the press and even on Capital Hill.

We're happy to engage with him, but we would not be inclined to "license" any one movie. If your team thinks there's a big revenue opportunity with ads or a sponsorship, then we'd be happy to pursue a partnership and add a layer of extra promotional value (the value of which could be quantified for him). That said, our approach generally is not to pay for any content upfront but instead to offer very generous revenue sharing to align interests and recognize the still nascent stages of our ability to monetize.

While I'm sure Mark's movie must be great, there are close to 50mm different videos on YT today. And if we wanted to pay for content, we could get much more. In other words, the challenge appears to be more in launching monetization of the inventory we have vs. acquiring more inventory.

In fact, we're closing about 30 premium partnerships and over 200 torso

(smaller niche content providers) every quarter in the US alone. We've qualified HDNet as a potential premium partner so he would get a lot more attention and support than a standard torso partner. We've been pushing all these deals by creating scaleable partnership approaches to access content in the face of a company-wide goal of 1BB views/day. This by definition limits the number of one-off, manually intensive promotions we can do. It is also a purposeful shift away from a traditional media business model where aggregators license content from studios in the hopes of making a profit from ad revenues.

In addition to our large number of partnerships, we are also getting close to 300k uploads/day. This means that the diversity of content and sources of content continues to expand, so we are not dependent on any one type of content or any one supplier of content (e.g., when Viacom took down all their clips, our traffic didn't slow down in any noticeable way).

One question for us is: given that +70% of YT traffic is from outside the US and spans multiple languages, when do we think there will be enough revenues from one specific title or slate of titles for us to start licensing content from one specialty provider of content in the US or any other country?

And if we're open to doing this, why do it for this one indie movie vs. a top tier blockbuster from a large studio with worldwide appeal? We get approached all the time by the studios to subsidize production and/or buy out a window. For example, Lionsgate approached us about buying a slate of movies to create a new distribution window as they re-negotiate their pay-TV output deals. We told them we we're open to it but that it was still a bit early as we were just launching our monetization efforts.

So, the answer to your question about whether we find it interesting is: a qualified yes. We are definitely interested in working with Mark and would be prepared to support any sales initiative your team might want to take around this. However, we would not be inclined to change the business model we've established in the industry to getting access to content. The concept of a "day and date" release is something that traditional media is obsessed with but our viewing patterns indicate the total life of a window is likely more important than when a title first becomes available. Would still be interesting to test though.

Btw, we've had discussions within YT about one day having content owners pay us (instead of us paying them) by buying promotional units and/or advertising to help launch a movie, given our huge audiences. In fact, Mark may be able to drive more ticket sales and viewing of his movie by establishing a promotional channel on YT, which we can do very easily today, and by buying keywords of course.

Copying others who've been closer to the discussions with Mark's company, including Kevin Donahue who will take the lead once Mark confirms his contact at HDNet.

Thanks,
Dave

On 9/13/07, Tim Armstrong <tim@google.com> wrote:

>

> Mark -

>

> (Googlers: David Eun - head of content / Megan Smith - head of bus dev /

> Ash - head of brand ads / YouTube - Chad and Steve)
>
> Hope all is well. This sounds like a really interesting idea. Here is
> what we would need to think about the opportunity and come to a quick
> outcome:
>
> 1. Content overview of the movie (for David Eun's team - content team &
> YouTube)
>
> 2. Potential launch dates (so we know how long we have to sell)
>
> 3. Any unique ad opportunities we can run on / with the movie
>
> If you throw in some HDNet TV ads spots that we can run through GoogleTV,
> it would make it more interesting. Launching a day and date would certainly
> raise some eyebrows.....
>
> On our end, I would suggest David Eun play point with his team. Mark -
> who would be the "In Bloom" lead for you? Let's get a call scheduled if
> people agree this is interesting - TA
>
> On 9/13/07, Mark Cuban <mark.cuban@dallasmavs.com > wrote:
> >
> > Tim
> > This is a great movie we are distributing.
> >
> > We have 4mm net revenue number left to hit (its a 12mm budget movie).
> >
> > We would consider doing this day and date with Google if you could
> > guarantee
> > us the 4mm nut...You sell enough ads around it, we set the movie world
> > on
> > fire...
> >
> > Any interest at all ?
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