

**Subject:** Re: Guidelines when talking to content partners

**From:** "Eddy Cue" <Confidential>

**Received(Date):** Thu, 17 Mar 2011 18:52:32 +0000

**To:** "Jai Chulani" <Confidential>

**Cc:** "Jeff Robbin" <Confidential>, "Josh Lippman"

<Confidential>

**Date:** Thu, 17 Mar 2011 18:52:32 +0000

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For recurring subscriptions, we should ask for 40% of the first year only but we need to work a few deals to see what is right.

Sent from my iPad

On Mar 17, 2011, at 1:09 PM, Jai Chulani <Confidential> wrote:

We've got a couple of things to consider (and I want to clarify a few things).

**In-app/on-device transaction (a new user uses his iTunes account and activates on Apple TV)**

- For one-time transactions like MLB, NBA, we ask for a 30% bounty of that fixed fee
- If it's an on-going subscription (like let's say Hulu), we ask for a 30% of subscription on an on-going basis. Since it's going through the iTunes store, we should be good.
- We are going to need to build in support for customers to enable and disable a subscription of the service through Apple TV.

**Referrals (a new user goes to [www.xxx.com/appletv](http://www.xxx.com/appletv) to sign up)**

- For one-time transactions like MLB, NBA, we ask for a 30% bounty of that fixed fee
- But for an on-going subscription service like Hulu, what would we want to deal with a referral mechanism?
- If we say that the average time a user stays as a subscriber is 2 years. So  $\$8 \times 24 \text{ months} = \$192$  is Hulu's revenue. So we would want about 30% of that which is \$58.
- They'll probably push back saying that they don't know how what their churn is, there's no guarantee a customer will stick that long, etc.
- So should we just ask for a 30% bounty of the 1 year subscription fee? After the first year they get to keep it all. (Is 1 year reasonable or do we want more). So in hulu's case, we ask for \$29. (I think we may be leaving money on the table if we just asked for about 30% of the first year of sub).

Or in order to not complicate matters like the above we REQUIRE that for subscription services like Hulu the transaction go through an in-app purchase? In that case we would get 30% of the ongoing subscription fee and keep it simple.

In that case (for new customers):

For one-time transactions the content provider can use an in-app transaction or a referral mechanism and we get 30%

For on-going subscription services, the transaction must be in-app and we get 30%

jai

On Mar 17, 2011, at 7:26 AM, Jeff Robbin wrote:

Adding Josh.  
-Jeff

On Mar 17, 2011, at 7:21 AM, Eddy Cue wrote:

fixed bounty for referral, not percentage

On Mar 17, 2011, at 6:58 AM, Jeff Robbin wrote:

-Jeff  
Sent from my iPad

On Mar 17, 2011, at 6:34 AM, Eddy Cue <Confidential> wrote:

On Mar 16, 2011, at 7:35 AM, Jeff Robbin wrote:

On Mar 15, 2011, at 10:25 PM, Jai Chulani wrote:

As we add more content partners on the platform, I think it may be useful to come up with some guidelines when talking with them. Here's are some thoughts. Let me know what you think.

**Cable/Sat operators like Cablevision, Comcast, Canal+, Sky, etc**

- These guys are pretty entrenched in the market and we're not going to gain much by trying to make any \$ here. Nor are we going to get them many NEW subscribers.
- No referral fees or \$\$ exchanged
- They will NOT offer any transactional VOD services
- Subscriptions services that are part of their content offering including On-Demand are okay

Agreed, no money here

**New Sports subscription services like NHL, MLS (Major League Soccer), NFL,**

**EuroSport, MotoGP, etc.**

- If we get them a NEW subscriber, we get a revenue share/bounty (30% of the first year revenues, or on an on-going basis?)
- For an existing customer, no \$\$ exchanged. Apple TV is just another platform for them

Look at the deals we did for NBA/MLB. Different %s, couldn't get 30% for them.

Ideally, they let us sign up subs as part of the app using your iTunes account. In that case, we take 30%. If it's like MLB where it is a link, it probably chump change so it doesn't matter much.

**Content offerings like Hulu, BBC**

- For free, ad-supported content like BBC, no \$\$ exchanged. Apple TV is just another platform for them
- For paid subscription like Hulu plus, if we get them a NEW subscriber, we get a revenue share/bounty (30% of the first year revenues, or on an on-going basis?)
- For an existing customer, no \$\$ exchanged. Apple TV is just another platform for them
- They will NOT offer any transactional VOD services

BBC is paid outside UK.

You won't get 30% from Hulu Plus, either. They can't afford it.

**News and free sports like CNN, Fox, NY Times, ESPN3 etc.**

- Typically these are free, ad-supported content, no referral fees or \$\$ exchanged

No ads in the UI... only in content.

**Internet content like Vimeo, Pandora, NPR**

- For free content, no referral fees or \$\$ exchanged
- If we get them a NEW subscriber, we get a revenue share/bounty (30% of the first year revenues, or on an on-going basis?)

Same % comment.

I don't want to do any deals where we get less than 30%. That is what it is on the app store and we can't be making a different deal here. If that is not possible than I want a one-time bounty but we need to very careful here so this doesn't spillover to the app store.

To be clear, the 30% is for subs purchased through our device, not for referrals.

Eddy

-Jeff