

BC Talk Track // Q&A

29 Sep 2024

Today, we're requesting approval to extend our existing Android revenue share agreements (similar to what we recently agreed here at BC in regards to VF) with 11 carriers (telcos) operating in Europe, Latin America, and Japan.

- To give a sense of scale, the projected total annual TAC investment with these partners at current rates is Confidential (that's at Confidential gross)
- These operators cover, in aggregate, about 175M Android actives. They contribute a little north of 50M new activations each year (this includes churn / upgrades)

[Address ACIA] Before going into the specifics of the ask, I want to share some context for why we're here today and why we want to extend these agreements for yet another year.

- Some of you may remember that we had been — up until early August — been planning to move to a new Android commercial incentive agreement framework with carriers (nicknamed ACIA)
- This was primarily a bounty-based model designed to reward premium sales and installed base growth, consistent with our business goals
- We made the tough decision to put that work on pause six weeks ago for three reasons:
 - While we still believe in the principles behind that framework, **the DOJ case has catalyzed new and more expansive thinking about the Android business model.** We need to complete that work before migrating partners to any new set of agreements. Having a mixed set of agreements, and therefore mixed incentives, in the ecosystem at the same time would be difficult to manage. Imagine, for example, double-paying OEMs and carriers for the same device
 - **Move quickly with min change as possible.**
 - Second, we thought that a **bounty-based model was too risky** at a time of higher capital investment and potential Google revenue volatility. One benefit of revenue share is that it's naturally hedged to business performance.
 - Finally, an operational point: There is **more technical work to do with our in-house systems** — which we are starting — to pave the way for that bounty-based incentive framework. We need to improve our device telemetry and payment systems to pivot from revenue share to offering other incentives at scale
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- I'd add that this pause also gives us time to solve important questions about our OEM partnerships and product experience before expanding those experiences through to channel partners like carriers

[Why RSA?] So, without ACIA, we were confronted with the question of continuing the RSA. Our assessment is that there is still plenty of value in the RSA for users, Android partners, and Google. It is worth continuing with operations for another year.

- First, the RSA still does all the things that it was originally designed to do for the product and business:

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