From:	Tim Carter Redacted@google.com>
Sent:	Thursday, April 28, 2011 12:20 PM
То:	Chris Barton Redacted@google.com>
Cc:	Anne Laurenson Redacted@google.com>; Steve Cheng Redacted@google.com>; John LagerlingRedacted@google.com>; Nick Solaro
	Redacted@google.com>; Hugo Barra Redacted@google.com>
Subject:	Re: Platforms

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On 26 April 2011 16:56, Chris Barton Redacted @google.com > wrote: Tim,

America Movil, Verizon, and AT&T were all examples of large carriers that wanted to ship without Google ... and did. AT&T shipped Yahoo on Android phones. Verizon shipped Bing. America Movil shipped Yahoo. We need to incentivize carriers to ship Google by using the same approach we at Google have used for many years: "We will pay you revenue share in return for exclusive default placement". This contract is an exchange.

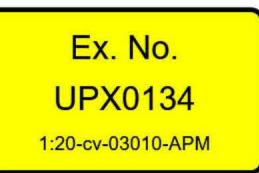
We have used this type of exchange in syndication deals (AOL, Ask Jeeves), Toolbar deals (Real Networks, Adobe), PCOEM deals (Dell, Sony), and numerous mobile deals for many years.

Without the exclusivity, we are not "getting" anything. Without an exclusive search deal, a large carrier can and will ship alternatives to Google (as seen with Verizon, AT&T, and America Movil).

Android is by far the greatest opportunity for Search monetization in mobile over the next years and is very strategic to Google. You can bet that Microsoft and Yahoo will enter contracts for search on Android through carrier deals if we do not.

Chris

On Tue, Apr 26, 2011 at 3:38 AM, Tim Carter Redacted@google.com > wrote: Chris, Steve,



Do we really need exclusivity terms? The current [non-US] terms give pretty much the same effect.

OEM preinstall default under MADA + carrier revshare incentive with non-duplication + volume targets [search deals] = many hurdles for a carrier seeking to change the default. They'd need >\$ from the alternative search AND EITHER persuade the OEM to seek (and get from us) an exception to their MADA to allow preinstallation of another search provider with preinstall of other GMS, OR ship a device with no GMS presintalled at all [MADA requirements].

In practice, shipping without all GMS doesn't happen except in edge cases, like (previously) America Movil. All developed markets have users who expect and demand GMS.

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We rarely agree to non-default for search (provided also full GMS preinstallation) e.g. Russia and Korea, where there are market-leading or strategic local alternatives. And in China of course we still don't preinstall GMS and so Baidu has free reign.

These exceptional territories will retain their exception-inducing contexts, so exclusivity there won't work. Elsewhere, the above matrix makes alternative preinstalled search default unlikely in the medium term. Avoiding actual exclusivity requirements enables us to keep flexible revshare rates and should (in theory) therefore reduce TAC.

Thoughts?

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>> Le 22 avril 2011 16:52, Chris Barton Redacted@google.com> a écrit :
>> Anne,
>>>

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>>> Non-duplication of services is the same as exclusivity as long as it >>> applies across *all* devices (or all Android devices).

>>>

>>> All the deals we do in US are both revenue-share tiered (except VZW due to

>>> strategic reasons) AND exclusive across all Android devices at a minimum. >>> The one exception is AT&T and that is because they are literally bound by a

>>> Yahoo deal that prevents them from signing exclusivity.

>>>

>>> So we know with 100% certainty due to contractual terms that

>>> - All Android phones on T-Mobile will come with Google as the only search >>> engine out-of-the-box

>>> - All Android phones on Verizon will come with Google as the only search >>> engine out-of-the-box

>>> - All Android phones on Sprint will come with Google as the only search >>> engine out-of-the-box

>>>

>>> I think this approach is really important otherwise Bing or Yahoo can come >>> and steal away our Android search distribution at any time, thus removing >>> the value of entering into contracts with them.

>>>

>>> Our philosophy is that we are paying revenue share *in return for*exclusivity.

>>> Chris

>>>

>>> On Fri, Apr 22, 2011 at 1:10 AM, Anne Laurenson Redacted@google.com>wrote: >>>

>>>> Hi Chris,

>>>>

>>>> Yes, it has been the intent from the beginning, especially since GMA is >>>> in maintenance mode.

>>>>

>>>> The deal is not exclusive, but for the devices covered by the deal, we
>>>> are asking for home screen placement and no other search client on the
>>>> device (no duplication of services). Are you signing exclusive deals in the
>>>> US?
>>>> In Europe, deals are usually non exclusive, the tiered revshare being the
>>>> incentive to ship as many devices as possible with Google search. Only the
>>>> VF contract is exclusive, but they have flat revshare.
>>> I also tend to think that the best way to grow number of devices with our
>>>> services and usage is co-marketing that partners value a lot as you know.

>>>> The contract is under review by John and Tim currently.

>>>>

>>>> Anne

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