From: Ben Friedenson <Redacted @google.com>
To: Cristina Bita <Redacted @google.com>
Subject: Re: Sunday evening sync
Cc: Daniel Alegre <Redacted@google.com>, Kent Walker <Redacted@google.com>, Rosie Lipscomb <Redacted@google.com>, Liz Daly <Redacted@google.com>, Joan Braddi <Redacted@google.com>, Sarah Obee Redacted@google.com>

Apologies, one quick update to Step 3 illustration below...
Step 3: Using the calculation in Step 2, we create a pro-forma restatement of their performance:

Observed Queries/Device
x Lesser of (Observed RPMs or Baseline RPMs)
===
Andes **Revenue Performance** absent RPM improvements

On Sun, Jun 5, 2016 at 11:33 AM, Ben Friedenson Redacted@google.com> wrote:

Hi Team,
To provide add'l color, here is :a synopsis of the approach we are analyzing

Step 1: We hold Andes to 2 constraints:

- Query/Active Device, growing at current run-rate
- Maintaining today's RPMs (heretofor "**Baseline RPMs**")
- The above constraints give us an implied revenue/active device target

Step 2: Each year (or month), Andes reports their active devices; combined with our internal data, we calculate queries/device

Step 3: Using the calculation in Step 2, we create a pro-forma restatement of their performance:

Observed Queries/Device
x Lesser of (Observed RPMs or Baseline RPMs)
===
Andes RPMs absent RPM improvements

Step 4: Each month (or year) we compare the pro-forma restatement vs. the implied rev/active device target in Step 1

- We perform this calculation at the specified interval (year or month) to see if they have reached their agreed target, or else by how much they have missed
- We keep a running total in years Confidential and use the aggregate performance to determine year Confidential economics:
    - If Andes has hit their or exceeded the target in aggregate, they get to keep the economics
    - If they have missed the target, we see by how much and that influences Year Confidential economics

Key Principle: Andes could theoretically miss on RPMs so long as they compensate by delivering enough queries to compensate and we receive the expected value; however, at no point can they miss on queries but "get credit" for RPMs in excess of the **Baseline RPMs** to make up the difference.

We are crunching numbers now and will be ready for the 8PM call, but I'd welcome your thoughts.

Thanks,
Ben

On Sun, Jun 5, 2016 at 10:54 AM, Cristina Bita Redacted@google.com> wrote:

***** ATTORNEY CLIENT PRIVILEGED AND CONFIDENTIAL *****

Hi Team,

Ex. No.
UPX2011
1:20-cv-03010-APM

REDACTED FOR PUBLIC FILING & ABRIDGED

Redacted

Redacted - Privilege

Thanks,
Cristina

On Sat, Jun 4, 2016 at 9:02 PM, Daniel Alegre Redacted @google.com> wrote:

Thanks for the feedback on this folks. I agree that the structure we sent over to them last week would have been a better (albeit complicated) solution though it did introduce a brand new set of expectations of the partner that they had to deliver growth which was assumed that it would happen but never really part of the initial discussion.
I would like for us to discuss tomorrow explicitly the following construct:

1. A query/per device metric that they would need to hit at the end of year Confidential We should have 2 numbers to review with Sundar: one that essentially keeps the query/device static to where we are now and another that assumes a growth of queries/device commensurate with what has been the case in the last 2 years.
2. The construct for how we would put in language the RPM target at the end of year Confidential removing the growth in RPMs based on our own improvements.
3. An analysis of the differences in query/device (or what we would need to ask of them) by region as well as the same for RPMs so that we can decide whether we should include a regional framework to the structure - I still think we probably should not as this will benefit us but want to confirm that my thinking is correct.

As Ben mentions, we are trying to build a structure that prevents them from diverting queries and destroying value - they will have all the incentive in the world to sell more devices.

In the end, we know that we are taking a risk of their under-performance in years Confidential no matter what so we are trying to then protect years Confidential and what I am liking about the potential approach is that if they are not willing to commit to a device growth #, then I would take the negotiation approach that in exchange, we face a bilateral Confidential if they achieve (with Confidential year check ins thereafter) or renegotiation if they miss.

One final thought where we may end up is that we go with the construct above but also that there is a parallel metric to follow which is a total revenue target which would look somewhat like this:

Metrics to hit:
1. query/device
2. RPM (excluding our improvements)
= X% rev share in years Confidential (prob somewhere between Confidential).
3. parallel revenue metric (or device growth):
bonus Confidential rev share depending on what # we land on in #2.

In each case, we would still do Confidential year check ins in years Confidential

Let me know if this makes sense.
Daniel

On Sat, Jun 4, 2016 at 8:19 PM, Ben Friedenson Redacted @google.com> wrote:

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On Sat, Jun 4, 2016 at 9:33 AM, Kent Walke Redacted @google.com> wrote:

Redacted - Privilege

On Sat, Jun 4, 2016 at 9:16 AM, Liz Daly Redacted @google.com> wrote:

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On Jun 4, 2016 12:03 PM, "Joan Braddi" Redacted @google.com> wrote:

I've scheduled a check-in meeting for Sunday at 8pm. **Redacted - Privilege**

Redacted - Privilege

Thanks
Joan

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Daniel

Daniel Alegre
President, Global Partnerships

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Thanks,
Cristina

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