

Message

From: Michael Murphy [Redacted] /@google.com]
Sent: 6/18/2019 7:13:47 PM
To: Ruth Porat [Redacted@google.com]; Philipp Schindler [Redacted@google.com]; Jerry Dischler [Redacted@google.com]; Don Harrison [Redacted@google.com]; Halimah DeLaine Prado [Redacted@google.com]
CC: Kent Walker [Redacted@google.com]; Prabhakar Raghavan [Redacted@google.com]; Joan Braddi [Redacted@google.com]; Kristin Reinke [Redacted@google.com]; Deal_review [Redacted@google.com]; StrategicPartnerships [Redacted@google.com]; Paul Feng [Redacted@google.com]; Purnima Kochikar [Redacted@google.com]; Shafiq Ahmed [Redacted@google.com]; Tian Lim [Redacted@google.com]; Sameer Samat [Redacted@google.com]; Mike Herring [Redacted@google.com]; Christian Cramer [Redacted@google.com]; Kate Lee [Redacted@google.com]; Jamie Rosenberg [Redacted@google.com]; Hiroshi Lockheimer [Redacted@google.com]; Yuki Richardson [Redacted@google.com]; Anna Kartasheva [Redacted@google.com]; Paul Gennai [Redacted@google.com]; Christian Vee [Redacted@google.com]
Subject: BC Deal Review: Agenda for Wednesday, June 19 and Thursday, June 20

Privileged and Confidential

Ruth, Philipp, Halimah, Jerry, Don,

We have two topics scheduled for BC review this week. We have scheduled an additional 30 minutes on Wednesday at 5 PM in addition to our standing time (11 AM - noon on Thursday) to accommodate the anticipated complexity of these reviews. Both meetings are to be held in MTV-40-2-Sofia this week.

We initially expected a topic from APAC at the Wednesday meeting, but it has been rescheduled as the team works through additional details. We will review that topic in July. However, we have repurposed the time for the Google Play Pass topic in order to dedicate the full hour on Thursday to a proposed update for RSA.

Wednesday 5 - 5:30 PM PST: Google Play Pass
Thursday 11 AM - Noon PST: Google Distribution on Android Framework (GDAF)

Kent has delegated approval for both meetings to Halimah for Legal. I will be OOO this week during the meetings this week; Bipin Khurana (copied) on my team will be facilitating the meetings.

Best regards,

Mike

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**Wednesday 6/19**

**1. Google Play Pass (materials)**

- 
- **Reason for BC review:** Minimum Guarantee, First of Kind
- 
- 
- **Asks for BC:** Approval to launch Play Pass subscription service on Play Store
- 
- 
- 
- **Confidential** in minimum guarantees for participating developers, payable via true-up payments every six months or as an upfront non-recoupable payment
- 
- 

Ex. No.  
UPX0162  
1:20-cv-03010-APM

Redacted

GOOG-DOJ-30056762

○ Anticipated Confidential projected shortfall from 2019-2022

●  
●  
● **Deal Representatives:**

○ Sameer Samat (VP, Product Management)

○ Tian Lim (VP, UX & Product Management)

○ Paul Feng (PM Director)

○ Purnima Kochikar (Director, Business Development, Games & Applications)

○ Shafiq Ahmed (Finance Director, Google Play)

○ Kate Lee (Director, Android & Play Business Legal)

●  
● **Rationale in support of deal:**

○ Attracts anchor titles to a newly launched subscription model for premium content on Play

○ Partner commits title to Play Pass catalog for two years from commencement of contract; Google is released from the guarantee if the partner removes their title

**Thursday 6/20**

**2. GDAF (materials)**

●  
● **Reason for BC review:** Minimum Guarantee, Change to Program

● **Asks for BC:** Mobile Search Rev Share of Confidential in total in 2020 (Confidential to previously approved in 2016) growing to Confidential in 2023 across Search and Play for carriers and non-Samsung OEMs

○ Introduce a new platform tier of RSA to secure browser defaults and assistant Default Home Screen (DHS) exclusivity & gesture at scale

Offer up to [Confidential] Play rev share to OEMs, spending [Confidential] in 2020 and up to [Confidential] in 2023

Offer additional [Confidential] of Search & Assistant revenue share to most strategic partners (total of [Confidential] for Xiaomi and [Confidential] for carriers)

**Deal Representatives:**

Hiroshi Lockhimer (SVP, Platforms & Ecosystems)

Jamie Rosenberg (VP, Android & Comms)

Paul Genai or Christian Veer (confirming now) (Product Management Director) (Director, Platforms & Ecosystems Strategy)

Anna Kartasheva (Senior Manager, Platforms & Ecosystems Strategy)

Kate Lee (Director, Android & Play Business Legal)

Yuki Richardson (Finance Lead, Platforms & Services)

**Rationale in support of deal:**

Secures platform protections for Search, and Play and critical apps protections on more devices

**Redacted - Privilege**

Ability to monetize devices fast is a key concern of growing Chinese OEMs due to their slim HW margins. Today, as device enrollment is low, these partners are not seeing



Privileged and confidential - do not share outside of Google.



## BC: GDAF (Google Distribution on Android Framework) - evolution of RSA deals (BC19-019)

Submitted (PDT): 6 May 2019  
Meeting date (PDT): 20 Jun 2019

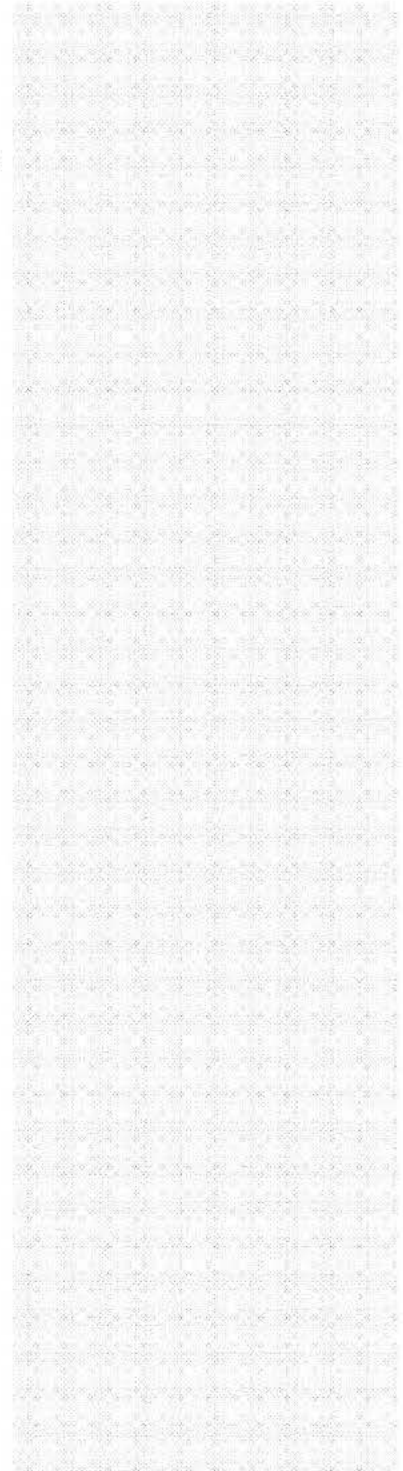
### Basic Information:

Slides we are planning to present [here](#)

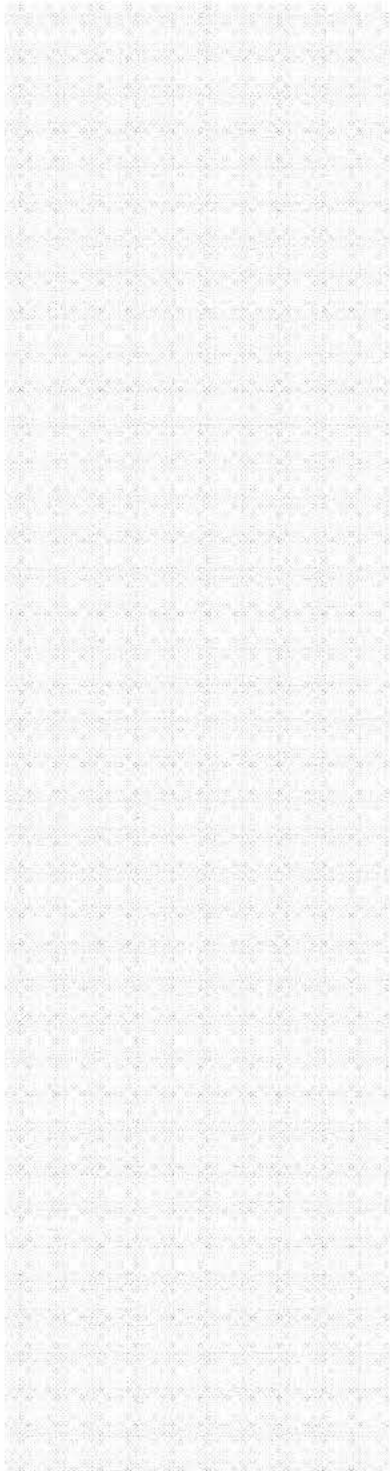
|                                                 |                                                                             |
|-------------------------------------------------|-----------------------------------------------------------------------------|
| Representatives                                 | hiroshi, jamiero, pgennai, cveer, akartash, jimk                            |
| Primary Presenter                               | akartash                                                                    |
| Summary Document of previous related submission | previous submission                                                         |
| Reason for Escalation                           | Revenue share, Minimum Guarantee, Non-standard Exclusivity or Commitment    |
| Product(s)                                      | Ads, Assistant, Android, Chrome, and/or Play, Search, Discover (-1), Gboard |
| Organization(s)                                 | Platforms & Ecosystems, Ads - GMS                                           |
| Region(s)                                       | GLOBAL                                                                      |

### Detailed Information

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term Length (months) | 24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Ask                  | <p>Spend <b>Confidential</b> in total in 2020 <b>Confidential</b> over current trajectory) growing to <b>Confidential</b> in 2023 across Search and Play for carriers and non-Samsung OEMs to secure platform protections for Search, Play and critical app protections on more devices. Specifically we propose that we:</p> <ul style="list-style-type: none"> <li>Introduce a new platform tier of RSA to secure browser defaults and assistant DHS exclusivity &amp; gesture at scale</li> <li>We propose offering up to <b>Confidential</b> Play Apps &amp; Games and Ads rev share to OEMs (<b>Confidential</b> to key CN OEMs, <b>Confidential</b> to smaller OEMs), spending est. <b>Confidential</b> in 2020 and up to <b>Confidential</b> in 2023 (steady state) in addition to the bonus tier of current RSA to secure Play exclusivity, Android upgrades, and distribution of critical apps (Comms suite, Pay, Photos, Gmail, Gcal, Discover suite)</li> <li>Additionally, we propose offering additional <b>Confidential</b> of Search &amp; Assistant revenue share to most strategic partners (for a total of <b>Confidential</b> for Xiaomi and <b>Confidential</b> for carriers) to incentivize clean UI devices with full set of Google apps</li> </ul> |
| Rationale            | <p><b>Search and Assistant:</b></p> <ul style="list-style-type: none"> <li>EC ruling created opportunity for rivals to secure full Search exclusivity on devices in EEA</li> <li>Microsoft and Amazon actively pursuing deals for Bing/Alexa on devices not covered by RSA</li> <li>(e.g. Bing is a default search on Xiaomi &amp; Vivo in India; Alexa is prominent on LG/ Moto Prime phones)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



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|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | <p><b>Play:</b></p> <ul style="list-style-type: none"> <li>Chinese OEMs have alternative stores preloaded on <sup>Confidential</sup> of Android devices, and have a meaningful overlap with Play offering; Huawei working on their own OS</li> <li>Samsung ramped up investments into their own store with S10 launch</li> <li>If Play is less relevant for OEMs, MADA protections may be at risk (leading to higher TAC)</li> </ul> <p><b>Apps/ Clean UI</b></p> <ul style="list-style-type: none"> <li>Chinese OEMs have <sup>Confidential</sup> services overlap with GMS apps and are at an inflection point on expanding their services outside China &amp; India, e.g. Xiaomi made <sup>Confidential</sup> in service revenue in India in 2018</li> <li>iOS users expect cohesive set of services incl. Messages, Photos, Music, Mail, etc. and view lack of unified offering on Android as a deterrent for switching</li> </ul> <p><b>Android reach</b></p> <ul style="list-style-type: none"> <li>Android share is under pressure in US (lost <sup>Confidential</sup> in 2018; <sup>Confidential</sup> DAU decline), and developed markets where most of last year's Android gains were driven by Huawei; Huawei ban puts <sup>Confidential</sup> shipments at risk over 2yrs</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Partner overview</b>            | <p>We plan to move all current non-Samsung RSA partners to GDAF over the next 2 years.</p> <p>We see the highest urgency to switch Xiaomi to stock UI as they are at a critical decision point for their services expansion outside India (where they monetize these aggressively, earning an estimated <sup>Confidential</sup> in revenue in 2018).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Financial summary</b>           | <p>Aggregate over the 2-year deal term (2020-2021 figures below),</p> <ul style="list-style-type: none"> <li>Search revenue share of <sup>Confidential</sup> (TAC)</li> <li>Play revenue share of <sup>Confidential</sup> to be paid out as revenue share or lump NRE payment</li> </ul> <p>At steady state in 2023 (full ramp of coverage),</p> <ul style="list-style-type: none"> <li>Annual Search revenue share of <sup>Confidential</sup> (TAC)</li> <li>Annual Play revenue share of <sup>Confidential</sup></li> </ul> <p>Compared to status quo, aggregate over the 2-year time period (2020-2021 below), <sup>Confidential</sup> incremental payment, driven by:</p> <ul style="list-style-type: none"> <li>Increased device enrollment <sup>Confidential</sup></li> <li>Mix shift <sup>Confidential</sup></li> <li>Increase in revenue share rate <sup>Confidential</sup> <ul style="list-style-type: none"> <li>Xiaomi <sup>Confidential</sup></li> <li>Carriers <sup>Confidential</sup></li> </ul> </li> <li>Introduction of Play payment <sup>Confidential</sup> to be paid out as revenue share or lump NRE payment</li> </ul> <p>Compared to status quo, in steady state in 2023, <sup>Confidential</sup> incremental payment, driven by:</p> <ul style="list-style-type: none"> <li>Increased device enrollment <sup>Confidential</sup></li> <li>Mix shift <sup>Confidential</sup></li> <li>Increase in revenue share rate <sup>Confidential</sup> <ul style="list-style-type: none"> <li>Xiaomi <sup>Confidential</sup></li> <li>Carriers <sup>Confidential</sup></li> </ul> </li> <li>Introduction of Play payment <sup>Confidential</sup> to be paid out as revenue share or lump NRE payment</li> </ul> |
| <b>Guarantees to the partner</b>   | <p>Considering offering top strategic partners minimum guarantees against the accrued revenue share. Such guarantees will be accounted for and paid out once at the end of the deal.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Guarantees from the partner</b> | <p>Portfolio commitment to the base tier of obligations</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |





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|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <b>Termination rights</b>                                                                                                                                        | Standard termination rights, no changes from RSA 2.0 |
| <b>Exclusivity</b>                                                                                                                                               | Tiered exclusivity provisions                        |
| <b>Liability caps &amp; indemnities</b>                                                                                                                          | No changes to standard RSA terms                     |
| <b>Is your deal with, or implicate directly or indirectly, a special category of partners?</b>                                                                   | No                                                   |
| <b>Does this deal involve Assistant (OPA)?</b>                                                                                                                   | Yes                                                  |
| <b>Is this deal with the customer/partner being negotiated jointly or in conjunction with another deal with the customer/partner in a separate product area?</b> | No                                                   |
| <b>Does this deal commit Alphabet to spend money with or for this customer/partner?</b>                                                                          | No                                                   |

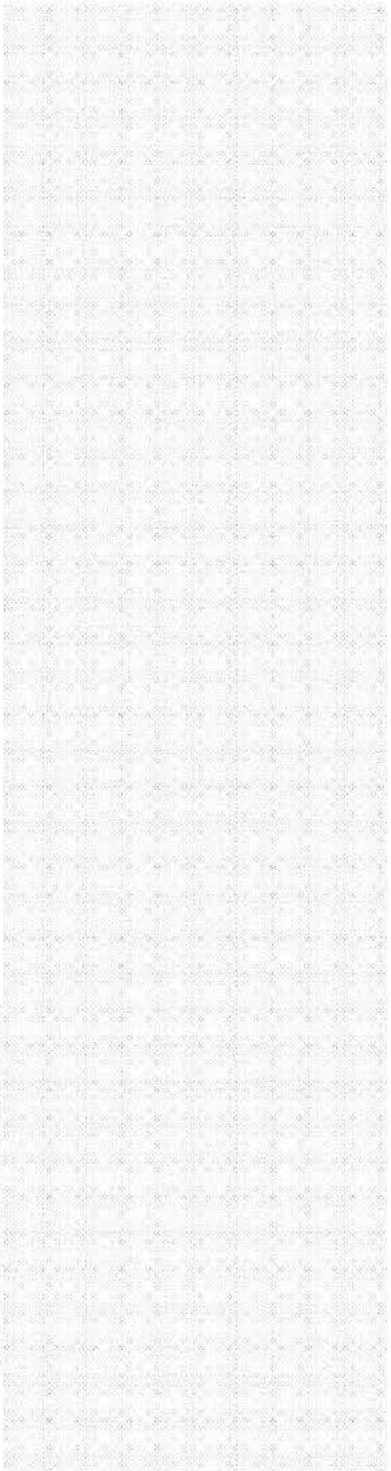
**Risks and Mitigation**

| Risk                  | Description                                                   | Mitigation          | Accountable |
|-----------------------|---------------------------------------------------------------|---------------------|-------------|
| increasing Google TAC | Asking to pay partners more than previously approved TAC rate | <b>Confidential</b> | Redacted    |

**Financial overview**

Confidential

**Success Metrics**



| % Devices covered with protections for search, feed, Play and Assistant |                                                                    |
|-------------------------------------------------------------------------|--------------------------------------------------------------------|
| Expected Performance                                                    | Increase RSA device coverage from the current. <b>Confidential</b> |
| Date of Reporting Availability                                          | 2020-01-31                                                         |

**Cross-Functional Stakeholder Feedback**

| Function<br><small>Required stakeholders shown in green</small>     | Feedback / comments<br><small>&lt;&lt;please enter LDAP: please enter comments&gt;&gt;</small>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sales / BD</b><br><small>jongold, jimk</small>                   | <b>Pros:</b> <ul style="list-style-type: none"> <li>Promotes a healthy partnership by creating go big scenarios</li> <li>Aligns incentives in an efficient way for our most strategic partners</li> <li>Gives flexibility to partner to optimize for their own needs while giving Google key protections</li> </ul> <b>Cons:</b> <ul style="list-style-type: none"> <li>Lack of ability to do Platform deals <b>Redacted - Privilege</b> create situations where partners can cherry pick key devices (though appropriate protections are there for most strategic things)</li> <li>Incentives partners most in high monetizing countries, in lower monetizing countries -- we may need to strike bounty deals for other apps</li> </ul> |
| <b>Legal</b><br><small>katelee, matthewbye, ripscomb, htseo</small> | <h1>Redacted - Privilege</h1>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

**Comment [1]:** **Redacted**, @google.com for inputs (BC x-functional Feedback)

**Comment [2]:** **Redacted**, @google.com

Please review and adjust as you see appropriate



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|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Finance</b><br/>cramer, johnyoo, sugawara, jclin</p> | <p><b>Pros:</b></p> <p>(1) Increases Android device integrations with Search / Assistant / Google apps (e.g. GBoard, Comms)</p> <p>(2) GDAF incentivizes adoption of Google Forward phones with a clean UI. An analysis of Google Forward phone monetization in select European countries has shown positive revenue uplift [Confidential]</p> <p>(3) Google forward tier offers a way to scale distribution of services that are otherwise secured via individual bounty deals, reducing overhead and at a discount in many cases.</p> <p>(4) There are tradeoffs in introducing Play revenue share to partners (cons below), but we believe benefits outweigh drawbacks: a) pays on Play for securing exclusivity, b) incentivizes CN partners at critical juncture to lean into Android to better compete against Apple.</p> <p><b>Cons (Risks &amp; Mitigations):</b></p> <p>(1) Pays revenue share in EEA where we have user choice, but we will only pay when users choose Google, and increases the hurdle for rivals to block us out completely.</p> <p>(2) Increased margin and TAC pressure, but a) offers Search integration and Play exclusivity (thus protecting revenues), and b) provides partners more cash to better compete with Apple as device margins squeeze. Google Forward devices may drive search revenue uplift and cost savings from reduction in bounty deals.</p> <p>(3) Play revshare is currently unable to be tracked systematically and will require lead time to get setup. However, negotiations and device lead times will provide some buffer to get operationally setup.</p> |
| <h1>Confidential</h1>                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Product</b><br/>pgennai, akartash</p>                | <p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>• Secures exposed access points not protected by MADA (browser, assistant) on more devices</li> <li>• Aligns rapidly growing CN OEMs with Google [Confidential]</li> </ul> <p style="text-align: center;"><b>Confidential</b></p> <ul style="list-style-type: none"> <li>• Introduces a meaningful services revenue component for non Chinese OEMs to enable them to better compete in the market</li> <li>• Creates opportunity for Google and OEMs to collaborate on a cohesive services offering (powered by Google), and promotes Android and Google by advancing cleaner, more secure, fresher UX</li> <li>• Ensures carriers are invested in Android's success</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>• Increases TAC and introduces a precedent for Play revenue</li> <li>• May slow down individual app deals in the short run, which is mitigated by close coordination between Android and app BD teams</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

