

From: Steven Sinofsky <[REDACTED]>

To: Jeffrey Epstein <jeevacation@gmail.com>

Subject: Re: Microsoft

Date: Tue, 30 Apr 2013 23:20:51 +0000

Importance: Normal

The guy doing these apps is very aggressive and has signed up all the name brand content folks for news, travel, sports. He is part of the Bing team and to date the apps have been viewed as extensions of Bing services. Food and drink certainly seems new to me and doesn't quite fit that mold but I don't know what Bing has in store down the road.

I am surprised that he would be offering a direct way to acquire books from the built-in apps as that would run counter to how the Windows product would think about apps. There's a seam in the org where the Windows team (not the Bing team that creates the apps) ultimately owns the definition of the apps. I guess I would be surprised if the Windows team genuinely thinks that doing inbox sales of food/drink books is a good thing (does it scale globally, how does it impact the overall Windows app store and who thinks they should be there, and so on -- Apple doesn't really do anything as specific as this).

Perhaps the new Microsoft has a different view of pimping out Windows :-)

As for them, the questions they are asking are right. The history of freemium business models when it comes to upsell from preinstalled software on any PC or phone is not a pretty one. Freemium in general has not worked very well. Given the high quality nature of their content I am not sure.

In general this is not a new point of view for me. I've always been skeptical of the value of doing deals for partners where the value delivered is distribution and the partner basically gives up all their IP in hopes of some upsell down the road. It hasn't worked as far back as anyone can recall. The only place it worked was for anti-virus software and that was primarily based on fear, not genuine demand.

Sent from Surface RT

Check out [REDACTED]

From: Jeffrey Epstein

Sent: Tuesday, April 30, 2013 12:58 PM

To: Steven Sinofsky

Thoughts

----- Forwarded message -----

From: Debra Black

Date: Tuesday, April 30, 2013

Subject: Fwd: Microsoft

To: Jeffrey Epstein <jeevacation@gmail.com>

Cc: Benjamin Black [REDACTED] Peggy Chandler <[REDACTED]>

FYI

Sent from my iPhone

Begin forwarded message:

From: <[REDACTED]>
Date: April 29, 2013, 12:13:30 PM PDT
To: <[REDACTED]>, "Debra Black" <[REDACTED]>, "Black, Benjamin" <bblack@mba2013.hbs.edu>, <[REDACTED]>, "Alexander Black" <[REDACTED]>
Subject: Microsoft

Hi there

I would love some input on this one...

Microsoft have invited us to be one of 5 - 7 premium publishers to participate on a new App pre-loaded on to all new Windows 8 smart phones and tablets. They have 60m users worldwide and growing.

Currently they offer 5 pre-loaded apps on their devices - news, weather, travel etc - and now want to add two more, including food / drink.

They are interested in including nine of our cookery titles - including Silver Spoon, What To Cook and How To Cook It - in this App and want to know how we would like to proceed.

Ideally they want us to give them all of the recipes and images in each title and allow their users to use this content for free in a recipes database in the App. They will also build a Phaidon section in the App where we can present our brand. And they will allow us to put links in each recipe to click through to purchase the book. They are prepared to pay a licence fee for the content, quarterly for five years. They understand any deal would need to include them building these apps for us.

There are several hurdles to get over - can they adapt our content from inDesign files successfully, can they design it to our satisfaction, etc - but assuming we want to do this, then we need to propose a deal. It seems sensible to be cautious about how many books people will click through to buy so the main question is how much to charge for the licence which in turn partially depends on how much content we give them.

The more recipes we give them then the more visible our recipes will be in their database. How substitutional is this going to be for selling books - will it reduce our book sales, or will the extra profile increase sales? Or will the licence money be simply incremental with no impact on book sales? Is it in our interest to give them as many recipes as possible to increase our visibility and raise awareness of our brand or should we be tight and just allow enough to keep Microsoft engaged? What does it mean for our brand if our content is free?

These are questions we haven't answered before and nor does it seem have Microsoft. None of their content partnerships to date - WSJ, NY Times etc - feature selling physical product like we do.

Thoughts, observations, gratefully received!

EFTA00711798

David

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