

From: "Debra Black" <[REDACTED]>
To: <jeevacation@gmail.com>
Subject: Fw: Microsoft
Date: Tue, 30 Apr 2013 18:57:06 +0000

FYI. Debra

From: [REDACTED] <[REDACTED]>
To: Eileen Alexanderson <[REDACTED]>
Cc: [REDACTED] <[REDACTED]>; 'Black, Benjamin' <bblack@mba2013.hbs.edu>; Debra Black; Melanie Spinella <[REDACTED]>
Sent: Tue Apr 30 14:22:17 2013
Subject: RE: Microsoft

Definitely - the question is not whether we can sell books through this opportunity - we can't - but whether we can sell digital products?

Emilia and I brainstormed a little this afternoon about what a digital product looks like for our cookery content. Not so easy when we don't have video and there are thousands of good quality free recipes online. Again, thoughts welcomed on this. What would a paid for Phaidon cookery app look like? Without a relevant digital product to sell, this opportunity would only be about a licensing fee from Microsoft and the "soft" benefit of some brand building. Is this enough? Better to be in than out?

To answer Ben's questions:

Yes we can sell add-on's / in-app purchase.
Revenue split is 30% to Microsoft.

If they make the app then they will need to convert our InDesign files in to xml files which is useful for making other apps and using the content digitally but the apps themselves won't be of use for other platforms - apple, android etc
They haven't asked for exclusivity but we haven't seen the contract yet.

From: Eileen Alexanderson <[REDACTED]>
To: "Black, Benjamin" <bblack@mba2013.hbs.edu>; [REDACTED] <[REDACTED]>; Debra Black <[REDACTED]>;
Cc: [REDACTED] <[REDACTED]>; Melanie Spinella <[REDACTED]>
Date: 30/04/2013 13:20
Subject: RE: Microsoft

Agree. Brand and content are the common denominator for the print and digital businesses and there is a synergy attached to that but each has to have a business model that works.

From: Black, Benjamin [mailto:[REDACTED]]
Sent: Tuesday, April 30, 2013 8:10 AM
To: [REDACTED]; Debra Black
Cc: [REDACTED]; Eileen Alexanderson; Melanie Spinella
Subject: RE: Microsoft

I think some of the important questions to ask have to do with exclusivity and Microsoft rights. Can sell add-ons to the app within the

app? What is the revenue split with Microsoft? If they are developing the app for us what hope do we have of using these apps on other platforms? Do they gain exclusivity for these titles?

I think we need to start asking questions specific to digital. The issue of whether this competes with our books is not the type of question we should be focused on. As Alex said, these are new customers, we should not be thinking of them as buying apps instead of books but rather apps instead of nothing.

From: [REDACTED] [mailto:[REDACTED]]

Sent: Tuesday, April 30, 2013 6:04 AM

To: Debra Black

Cc: [REDACTED]; Black, Benjamin; [REDACTED]; [REDACTED]

Subject: Re: Microsoft

Thank you for the feedback, much appreciated. I agree with Eileen and Alex's comments - it feels like an opportunity. We don't have the expert insight here (we are an art book publisher trying to learn!) - any thoughts on where we might find some?

The NY Times and WSJ are included in Microsoft's news app - does anyone have a contact there who could put us in touch with the person supervising their deal with Microsoft?

Microsoft are not helpful with specifics. They refused to share even how many handsets they are aiming to sell. Their vision is for this Windows 8 "ecosystem" to roll across all of their devices - handset, "phablet", Surface tablet, X-Box. Users can add further apps in to this eco-system but they are not pre-loaded like this one will be. They have talked a lot about potentially including us in their launch marketing if we are quick to agree - but also no guarantees.

I attach the list of titles they are interested in - which was the only slide in their presentation they are prepared to share. There are lots of Windows videos on YouTube.

Many thanks
David

From: "Debra Black" <[REDACTED]>
To: <[REDACTED]>, <[REDACTED]>, <[REDACTED]>, [REDACTED]
Date: 29/04/2013 21:10
Subject: Re: Microsoft

Can we get more specifics. Debra

From: Eileen Alexanderson <[REDACTED]>

To: [REDACTED] <[REDACTED]>; Melanie Spinella <[REDACTED]>; Debra Black; Black, Benjamin <[REDACTED]>; Alexander Black <[REDACTED]>

Sent: Mon Apr 29 16:05:55 2013

Subject: RE: Microsoft

Just a quick initial reaction- I'd be of the mind that this would be brand building but is most unlikely to drive printed book sales. Ideally, I believe we should be thinking about this in conjunction with an ebook strategy. I have lots of great cookbooks on a bakers rack in my kitchen but I find I am much more inclined these days use my ipad to go online for recipes. These sorts of apps are training people to keep coming back. This could help us build an online following for the Silver Spoon brand but we need some expert advice in thinking through the subject cannibalization and the appropriate license fee.

From: [REDACTED] [mailto:[REDACTED]]

Sent: Monday, April 29, 2013 3:14 PM

To: Melanie Spinella; Debra BLACK; Black, Benjamin; Eileen Alexanderson; Alexander Black

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!

David

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