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Lulu.tv, Past, Present, and future:

Earliest Lulu.tv Plan: Feb 06

1. Segment Summary

There is a convergence of changes creating the possibility of an explosion of popular expression in video.

- broadcast quality 3 ccd video cameras at <\$1K
- ubiquity of broadband at ADSL and cable speeds (~400kbps)
- Flash players embedded in 97% of web browsers
- Storage, bandwidth, and CPU (all critical to processing video) dropping through key thresholds and continuing to drop in price
- video-ready phones in 2006 (Motorola Razr is most popular phone globally):
 - ubiquity of video cams embedded in phones
 - 3G broadband in most 2006-purchased phones
 - substantial quality and resolution on relatively color screens
 - WAP browser embedded video players on the rise
 - mobile networks increasingly focused on video streams

This convergence opportunity will show up most strongly on the web social networks: Facebook, LiveJournal, MySpace and the like. This segment of the web population have demonstrated end user technophilia, and are motivated to make their presence on these networks as interesting as possible. They are simultaneously at the entry point, and the most motivated to go in.

2. Segment Needs:

This segment is motivated by web-fame and Ipod generation design grace:

- * An easy way to get video out of my phone, webcam, or video camera and onto my Vlog
- * A basic web-based editing environment to cut up and restructure raw cuts into a Vlog entry
- * A really easy way to embed my Vlog entry into a myspace or facebook blog
- * Lots of ways to plug my vlog entry to my buddies:
 - post a vlog to a phone
 - email a vlog entry to a friend
 - Vlog syndication
- * Lots of pathways to web-fame
 - My Vlog entry selected or highlighted
 - Facilities for easy link-backs
 - My Vlog easily discoverable in the web tag stream
 - Google search optimization
- * My fame quantified and qualified
 - Acknowledgment as PowerVlogger, Vloggista, Vloggerati, Vlogueur, Vloyeur, the Vlog-O-rama?
 - Number of views
 - Peer rating
 - Subjectively, what strangers think of me
- * A way to plausibly make this my avocation
 - Ways to turn vlog-fame into a business

3. Lulu Mission and Core Competencies

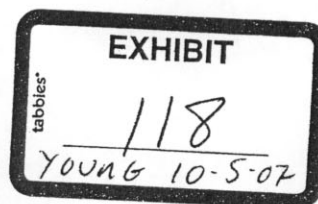
This overlaps with lulu's mission as it has the possibility of empowering a digital general with vlogueur prowess.

Current: This will leverage Lulu's existing competencies:

- * On-demand publishing: CD and DVD publishing wizards, and On-Demand disc fulfillment capacity.
- * High volume web storage, hosting and nascent Akamai service
- * Asynchronous format conversion architecture (Durendal)
- * Customer operations and community management
- * User management and commerce
- * Brand Position: serious indie creators do great works; Lulu the empowerator, Bob Young, the Lulu vibe

Investment in competencies:

- * Consumer/Prosumer/web video technology. Second-to-none capacity to de-tangle, create highly usable integrations



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EXHIBIT 6
DEFENDANT'S REPLY

LULU 022862
ATTORNEYS EYES ONLY

- * Editorial: Lulu as notable commentator, fame-maker
- * Social connection architecture: first by connecting Lulu creators to other Lulu creators, eventually everybody to Lulu creators, and to each other via Lulu

4. Prioritization:

Phase 1:

- * Video submission mechanism
- * Navigation scheme: top rated, by tag, by date, by category, by what we want you to watch
- * preview and playback scheme
- * Administration: Editorial comment, placement into nav scheme
- * Primary video conversion
- * WAP Lulu.tv viewer
- * email to a friend
- * Simple Myspace etc. embed
- * MPEG4 convert to Flash

Phase 2:

- * Lulu authentication & SSO
- * Personal Vlog page
- * email in & convert phone video clip
- * Webcam to Vlog post
- * Basic NLE environment
 - preview clips
 - sequence clips
 - trim sequences
 - Vlog finished entry
- * Subscription - commerce

Phase 3:

- * Upgraded NLE
 - titles
 - Sound tracks
- * Craigslist for Vloggeurs - Hire Me!

Phase 4:

- * Instant DVD: Convert Vlog entries to DVD ISO
- * Basic DVD mastering in NLE

5. Product and Pricing

Lulu will offer levels of subscription tranced by space and strength of tools:

- * Free: This level will be limited to 100 megabytes of free footage, will deliver access to basic format conversions, very basic NLE
- * 39.95/year: 1 gigabyte, general format conversions, consumer NLE.
- * 129.95/year: 20 gigs, every conversion and NLE feature we can crank out.

6. Positioning:

If YourSpace = Cool then YourSpace + Lulu = UberCool; If YourFace = Cool then YourFace + Lulu =UberCool

Ownership of wordplay derived from "Vlog"

7. Promotion:

- * Web-based advertising using Google adwords: Purchase low-cost Adwords that relate to LiveJournal, Myspace, Facebook and direct to landing ramps that illustrate how to make yourself cooler with Lulu.tv
- * Site Targeted Google ad banners on LiveJournal, MySpace, Facebook etc. to same Landing ramps as above
- * A Guerrilla presence on MySpace, LiveJournal etc. that are best-in-class examples of Lulu embeds on these platforms
- * Publicity: Benjamins - Benny's, \$100 awards given to Vloggeur of the day.
- * Stuntology:
 - riff off of Auteur: Francois Truffaut, Frederico Fellini, Satyajit Ray, and Alfred Hitchcock.

8. Success Measures:

- * Viewer Traffic
- * Viewer interactions (ratings, embeds, tagging, comments)

- * Backlinks
- * Free Creator Registrations
- * Number of Vlog Posts
- * Creator Subscription revenue
- * Journalistic Buzz

Lulu.tv Business Model discussion: March 2006

Lulu is committed to an 80/20 revenue distribution, where 80% goes to a creator of IP and 20% is retained by Lulu. What web video business model will achieve a critical mass of creators and viewers; how can 80/20 be applied to the following creator goals:

- * Make it really easy for any creative or charismatic person to capture, edit, and broadcast video via the web
- * Create Lots of pathways to web-fame, quantified and qualified
- * Create a way for me to plausibly make creative pursuits my avocation.

Proposal 1:

Lulu creates a free Vlogging service and charges 14.95 per month for a premium version of the service. The free service delivers:
* a set of creator tools including upload, webcam and phonecam capture, editing tools, a modest amount of storage, and Lulu.tv and personal Vlog display
The pay service gives the vlogger lots of online storage space to hold finished works, and other cool stuff

Proposal 2:

This basically is proposal 1, except there is a substantial added incentive to participate in the pay service, as this service now also delivers:
* Participation in a financial payout based on viewer share equal to 80% of all the pay-in of monthly fees.

- Phase 1: Build the technology with an all-free alpha business model; get it to a point of end user slickness.
- Phase 2: Execute a carefully planned rollout targeting the most viral candidates, and capturing them with as high a degree of certainty as possible.
- Phase 3: Rolling thunder of publicity based on college students, grannies, and small-town preachers getting rich by using their creative juices. Trade on the Creator-consumer direct connection.
- Phase 4: Launch a series of premium channels that viewers must pay \$4.95 to watch, where the best of the entry level stuff can go to earn more money.

Proposal 3:

Building on proposals 1 and 2, we add an incentive for referring friends. Basically, you receive a participation in all the payouts that your friends receive. We could structure this as a traditional 7 layer MLM thereby incenting people at an upper layer to recruit the most creative people that they know, and causing them to invest in marketing or collaborating with their downstream team members to enhance their own position.

Proposal 4:

Lulu invents a creator support network that has monthly meetings, mixing Mary Kay with the Artist's Way, personal empowerment with spiritual self exploration and self expression.

Lulu.tv PR brief, September 2006:

KEY QUESTIONS

WHO do you want to reach?

- Video creators, primarily 15-34 year olds
- Video viewers, primarily 15-34 year olds
- Internet business commentators

WHAT do you want to say?

Sponsorship

LULU.TV is just about to launch a brand new, never-been-done-before SPONSORSHIP model for the payment of creators. Companies sponsor the site; viewers/users are entirely at liberty to follow up sponsor links, or to ignore them completely. The money generated from sponsorship is split 80/20 between creators and the site.

The industry, and the media, is pre-occupied with the search for business models that will work for content on the web. Lulu.tv says:

Youtube has ads but doesn't pay creators.

Revver splits revenue 50/50 with creators, based on click throughs to advertisers.

LULU.TV is a communal system which pays creators in direct proportion to the popularity of their work. And it pays bigger money.

LULU.TV is about creators

Lulu.tv is in the business of nurturing and rewarding creators, rather than being a bulk clearing house for video material.

Quality/discrimination

Lulu.tv is discriminating and contains QUALITY material. It has a distinctive tone of voice. So use it, and view it.

Cool

LULU.TV is cooler and chic-er than the mass market big names: it's for those in the know. It has attitude and a tone of voice.

WHICH media outlets/media reporters/bloggers will reach those people?

Web channels

Blogosphere

Publications

TV/radio

Media commentators

Internet industry/creative commentators

Entertainment industry commentators

And the single message?

Lulu.tv – re-inventing video on the web by rewarding real creativity and netcasting quality content.

MORE ABOUT THE TARGETS

Describe the target audience in terms of demographics, lifestyle characteristics, product usage/attitudes.

18-35 year old amateur, film student, and professional short subject video makers.

Technically literate, natural and proficient consumers/users of internet channels for communication (e-mail, instant messaging, msn, skype), net-curious, strong cultural interests ranging from niche and mainstream music through to art-house visual and video arts.

Rapid adopters of new technology. Natural social NETWORKERS. Anti-authority, politics, government, globalised conglomerates, control. Libertarian in outlook.

Interests (anecdotally): bizarre, absurd, juvenile, tasteless, intelligent and ironic comedy; political parody; contemporary music (all genres).

What do they currently think/feel/do?

They currently create and post videos for free to sites like YouTube.com, or under ad revenue share via sites like revver.com, or in pay-per-view fashion via video.google.com.

They have low expectations concerning financial reward (largely because there's little in the way of financial reward available) and seem driven by fame and recognition in the absence of money.

What do we want them to think/feel/do as a result of the campaign?

We want them to register to Lulu.tv, to upload, to view – to become active participants in, and ambassadors for the site.

We want them to feel that Youtube is exploitative, undiscriminating, and is for “other people” (i.e. those who're not in the know). Immediately it needs a certain cool, first adopter cachet.

We want them to think that it's time to turn their backs on Youtube and others, as these sites get swallowed up by conglomerates.

Ultimately: Lulu.tv lets them do everything they do at Youtube ... but they can get paid.

Who/what influences the target audience?

Peers and selected media – X, X and X.

What interests/excites/motivates/turns on the target audience?

Attracting views and comment, first amongst their immediate circle, secondly on a worldwide basis.

The possibility of getting hired to do more work, or getting paid somehow for work they've done.

Finding stuff which interests/amuses them

Describe what will motivate the target audience to change its current behaviour to that which we want.

Knowing that lulu.tv is different, cool, chic, has quality content and enables them to upload, share and view material easily. Being able to direct friends to the site (i.e. to be seen to be cool by taking ownership of something cool).

Knowing that they can get paid for their work. Knowing that influential individuals in the movie/video/net business look to lulu for talent.

Knowing that they can always find something new that suits their interests on lulu.tv, and that they can share with their community/circle of friends.

What is the competition?

YouTube, video:google.com

BRIEF QUESTIONS

Date and timescale of proposed activities.

On-going campaign of news releases and general creator/viewer recruitment promotions; periodic “special events” to generate additional interest and drive increased traffic.

What is the business result that the PR/marketing seeks to achieve?

TBC

What are the critical issues/opportunities?

Video is "it", we have "it".

Based on the above, what is the purpose of our thinking/creative efforts? (Complete the phrase: “To determine how to.....”)

Get the name known and to make Lulu.tv the destination of choice for creators and video viewers.

WHAT HAVE YOU – AND OTHERS – TRIED BEFORE?

What kind of PR and marketing activities have you tried before – and with what results, good and bad?

AdWords have given us a lot of viewers. We are getting better at enlisting creators. Viral traffic has been our number one driver (getting linked from other sites, getting blogged about).

What ideas have you considered before and then ruled out as impractical?

I think more ideas have been ruled out for timing reasons, or being too off message than practicality. Two that have been impractical were thinking of recruiting someone really famous (Scorsese) to make a film for us a physical festival.

MISCELLANEOUS, ADDITIONAL QUESTIONS

What are your main marketing/PR concerns or problems?

Time, money, competition with a head of steam.

What internal and external constraints do you have – what can you or can't you do. i.e. what are the "politics"?

None, really. Folks internally seem to like the site, the business model hasn't been talked about much internally, but is very Lulu.

What are your brand values?

Quirky, interesting; a brand with attitude, humour, a zest for life, curiosity, energy and a real devil-may-care sense of fun. A creative hot-house.

Attached please find a sitemap from October 2006

Our present site is best described from our "about" page:

Lulu TV is a socially networked media exchange that empowers creators to make money from their videos, music and podcasts. At Lulu TV, sharing is the default behavior.

Why?

The gist is this: Lulu TV drives Internet creativity... because Lulu TV pays creators. It's a channel maker. It's a podcast maker. It's your own radio station. You upload stuff. Anything. We process it into every conceivable consumable, useable, viewable format. Then we syndicate it. People view it, rate it, share it, praise it, link to it and tell the world what they think of it. Letting a piece of work be passed around so much, can let it become very popular. On Lulu TV, this popularity pays, because content makers can set up a Shareholder account, for FREE.

How does that work?

Well, we're founded by the folks that brought you Lulu.com. But since people don't use or sell viral videos and podcasts the same way you might use or sell a piece of physical media, we had to adjust the marketplace to operate accordingly. So 80% of the advertising revenue for the site goes into a cash pool. At the end of the month, all Shareholders share in the pool. Let's say Lulu TV videos attracted 1M Viewers in one month. If you got 10,000 of those, that's 1%. So you get 1% of the cash pool.

Lulu.tv's Future:

Our Lulu.tv team plans for the following possible features and business models:

- * Using Lulu.tv's infrastructure to create brand or special interest communities as a consultancy service to brand-owners
- * Commissioning content from the Indy web creator community via a crowd-sourcing compensation model.
- * Building an infrastructure for Remixing web videos
- * Creating tiered licensing tools, so that the site can be used for displaying free low-res versions to promote rights purchase of broadcast quality versions
- * Open sourcing our infrastructure to create a video content management platform with a server to server peer-sharing capability
- * Creation of proprietary ad-supported channels based on licensed content
- * Embedding of open source media players, streaming servers, and open Codecs