

## **EXHIBIT 82**

UNREDACTED VERSION OF DOCUMENT SOUGHT TO BE LODGED UNDER SEAL

# Mobile Publishing: Last 30 Days/ Next 90 Days

David Engelberg  
Strategic Partnerships, Mobile Games  
December 17, 2013

## **Speaker Notes for Slide 1**

Context:

- We've had one semi-global launch... we'll talk about that in a bit.
- For the new people, this is basically an opportunity to redirect the thrust of the program. The intent is to get to a point where the initial version of this program shows a clear path to something that is scalable and repeatable.

DRAFT

# Context

Twice-weekly check-ins – are we on the right path?

Make sure we are reporting things relevant to you

- Effect of bursts
- Effect of sustains
- Insight into mobile ecosystem
- Etc. etc.

DRAFT

# Agenda

1 Background

2 The Last 30 Days

3 The Next 90 Days

4 The Model

DRAFT

# What do we mean when we say publishing?

Right now...

- We provide initial marketing phase for high potential titles
- Facebook takes 30% of NET revenue

This is to prove that we can pick winners

- Winners are ROI+
- Winners are healthy NEKO spenders

## **Speaker Notes for Slide 4**

Effectively, we want to prove we can provide the core element of a scalable solution. That's games.

DRAFT

If we can prove that we can identify winners:

We can start to explore scaling the program via projects already underway:

1. Ad network
2. Product innovations
3. Games hub
4. We can publish more games

## **Speaker Notes for Slide 5**

The key to this entire program is to identify games that return our investment through ROI+ spends. We need games to have a long lifecycle (365+ days). Once we have that, this whole thing becomes a lot more interesting.

**facebook**

**DRAFT**

The last 30 days have been busy

DRAFT

- Redesigned program
  - Redefined revenue model
  - Established gates and process
  - (Almost) finished contract
- Globally burst Wind Runners
- 4 geo-beta games

## **Speaker Notes for Slide 7**

- Wind Runners – more on this in a minute
- Geobeta games include: Draconus Rex, Dawn of Dragons, Time Quest Slots, Monster Legacy
  - Geobeta games coming up include: Age of Booty, Dr. Who, Lucky Play Casino

DRAFT

# Previous Contract Structure

The goal of the contract is to help dev “cross the chasm”

1. Burst to drive organics (\$100k with Fiksu)
2. Sustain growth (\$400k in ad credits, operated by Ampush/PMD)
3. Subsidize continued growth for both publishing and ad \$\$\$
  1. 100% of rev share earned in 60 days redeemed if on-FB spend
  2. 10% of net revenue earned on day 61 to day 365 rebated if on-FB spend

Complicated

Not scalable

Not enough \$\$\$

## **Speaker Notes for Slide 8**

A couple of big issues with this:

- 1) Scalability problems were problematic all over the place, including within the group
- 2) Due to Apple billing issues, it's possible this deal wouldn't be super helpful for developers
- 3) This isn't enough money – this deal attracts a specific type of developer we aren't ready to work with
  - 1) This is a nice template for a later version – it's absolutely something that some of the bigger developers (Kabam) were interested in

The first part of this project is really about proving only the core competency of picking winners – there isn't a need to overcomplicate the issue.

DRAFT

# We weren't giving developers a chance

\$500k budget isn't enough to boost and sustain a title

- Wordly spent \$175k in 2 days = no.2 in free games
- Deer Hunter spent \$950k in 15 days = no.1 in free games
- Wind Runner spent \$100k in 1 day = no. 10 in free games for <24 hours



DRAFT

# Restructured Contract

## Previous version

- 8 total developers (6 hits)
- \$500k per developer
- \$100k to Fiksu, \$400k to Neko
- 30% rev share
- 100% NEKO subsidy first 60 days
- 10% subsidy last 305 days

## Current version

- 4 total developers (3 hits)
- \$1m per developer in 2 installments
- 30% rev share

## **Speaker Notes for Slide 10**

- Reduce the developers
- Focus on only one platform for titles
- Make our money go a lot farther
- Prove out core competency

DRAFT

# Developer Greenlight Criteria

Beta  
1-2 Months

TRIGGER

Launch  
2-3 Months

TRIGGER

Post-Launch  
9-10 Months

Spend	\$0	<b>\$200k Off-FB \$200k On-FB</b>	<b>\$600k On-FB</b>
Criteria to next stage	<ul style="list-style-type: none"><li>Model shows ROI+ investment</li><li>Strong belief in executive team</li></ul>	<ul style="list-style-type: none"><li>Meet revenue baseline</li></ul>	
Activity	<ul style="list-style-type: none"><li>Broad non-targeted spend to assess in-game metrics</li><li>Targeted spends to set CPI expectations</li></ul>	<ul style="list-style-type: none"><li>Large burst spend (or strong off-FB sustain spend)</li></ul>	<ul style="list-style-type: none"><li>PMD actively purchasing users at sustain clip (2k+ / day) until budget runs out</li></ul>

DRAFT

# Q1 Developer Pipeline

## Developer Profile

- VC-backed or with strong executive background
- Established UA + live ops teams
- Small UA/marketing budget
- Quality product
- Mid-core / Slots

Studio	Game
Ruby Seven	Time Quest Slots*
Innovative Leisure	Draconus Rex*
Rocket Play Games	Lucky Casino*
A Perfect World	Eternal Kingdoms*
Flare Games	Throne Wars
Proletariat	World Zombination
Beyond Games	Multiple Titles

In geo-beta or direct access to metrics

## **Speaker Notes for Slide 12**

We'll keep our eye out for devs that fit our other criteria – things like Unity, cross-platform

# Game Metrics

## Casino

### Rocket Play

- DAU: 31K
- ARPDAU: 0.21
- D1: 48%
- D7: 25%
- D30: 13%



### Ruby Seven

- DAU: 5K
- ARPDAU: 0.17
- D1: 66%
- D7: 47%
- D30: 31%



DRAFT

## CCG

### Perfect World

- DAU: 3860
- ARPDAU: 0.50
- D1: 26%
- D7: 14%



**facebook**

**DRAFT**

**So... the next 90 Days**

DRAFT

# Answer these questions

Can we identify top tier games?

- Are 3 of the 4 games selected ROI+?

Are we on-track to be revenue positive?

- Will FB see its \$5m back?

Can we grow the NEKO ecosystem?

- Do the games we pick become big NEKO spenders?

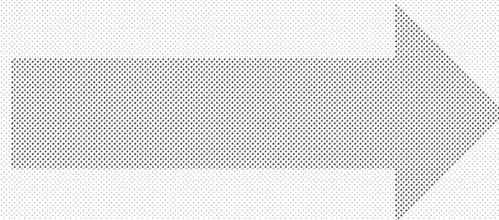
DRAFT

# Meet the model

## INPUTS

### Acquisition

- Installs
- K-factor
- Organic



## OUTPUTS

- DAU

- Revenue

- LTV

- CPI (break-even and current)

### Engagement

- Retention (D1/D3/D7/D30)
- LTV Length

### Monetization

- ARPDAU

DRAFT

# Questions

DRAFT

# Appendix

DRAFT

# Program and Objectives

DRAFT

# Details

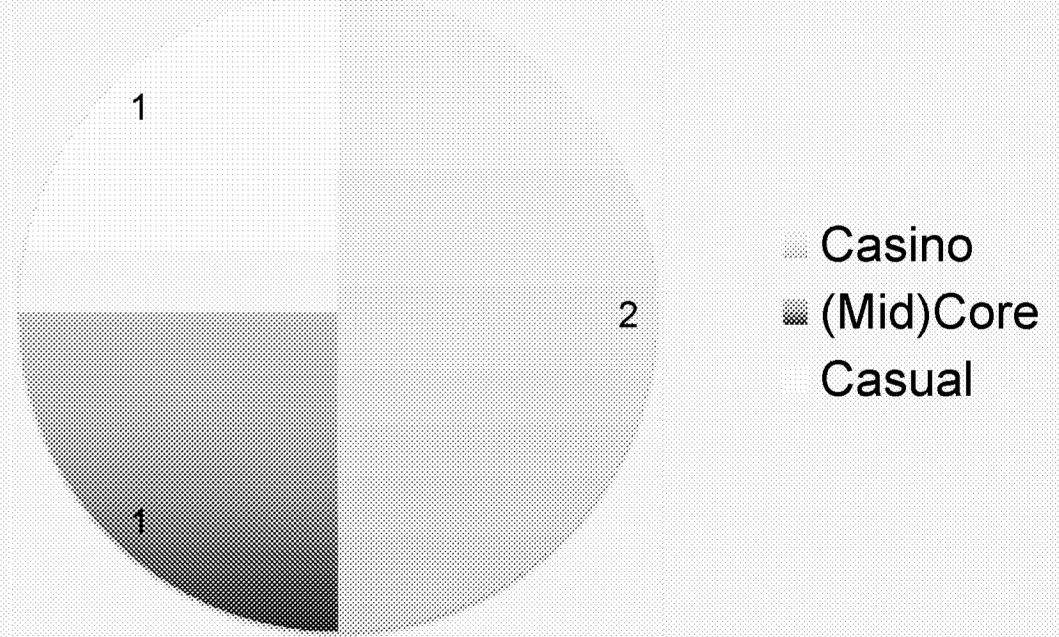
DRAFT

# 2014 Q1 Portfolio

We'll be focused on a diverse portfolio for Q1.

Each genre gives us insight into the LTV > CPI calculus.

Some bets are safer than others.



## **Speaker Notes for Slide 21**

When you take a look at models, it's a lot harder to make more casual titles (below a 0.10 ARPDAU) make sense without REALLY low CPIs.

I think that we should figure out what genres work too - a critical piece of the puzzle is figuring out if we want to do this program if we can only make midcore titles work.

DRAFT

# Our Partners

We will be working with one burst vendor and one PMD

1. Fiksu will be handling our burst off-FB buys
  1. Days 0 to Days 2
2. Ampush (PMD) will be handling our FB sustain campaigns
  1. Days 3 to Days 59

## **Speaker Notes for Slide 22**

We will be able to negotiate a lower-deal with Fiksu due to volume + FB

Ampush will be a valuable partner because we can hand the developer off to them after our 60 day responsibilities are up.

They are also very focused on proving out this relationship.

DRAFT

# Our Methodology

## Modeling

1. Biz Ops has created a 365 day benchmarking model to help us make bets
  1. Based on monetization, retention, and install volume
  2. Will help us make smarter bets and sets tracking expectations

## Geo-Beta

1. Ensure that metrics hold at scale (most critical for CPIs)

## **Speaker Notes for Slide 23**

For each genre, there's typically one wild card that a developer can REALLY control.

We can talk about this model in-depth if you guys want.

DRAFT

# Our Reporting

Contract defines a required daily reporting

We plan on using AppAnnie or asking for direct credentials

This is not a scalable solution

DRAFT

# People to Know

DRAFT

# People to know in mobile publishing

## Primary point of contact:

- David Engelberg (MPK) – reach out to me and I can put you in touch with the right person. I am eminently available. Swing by.

## Brains/Brawn of publishing:

- Sheila Rathnam (MPK)
- Aman Ghei (London)
- Dan Morris (MPK)

## **Speaker Notes for Slide 26**

Sheila and I will be running a lot of our campaigns and executing on the devs we bring in...

Aman and Dan are the driving force behind the strategy of the publishing effort – they will be doing a lot of lead generation on the publishing front...

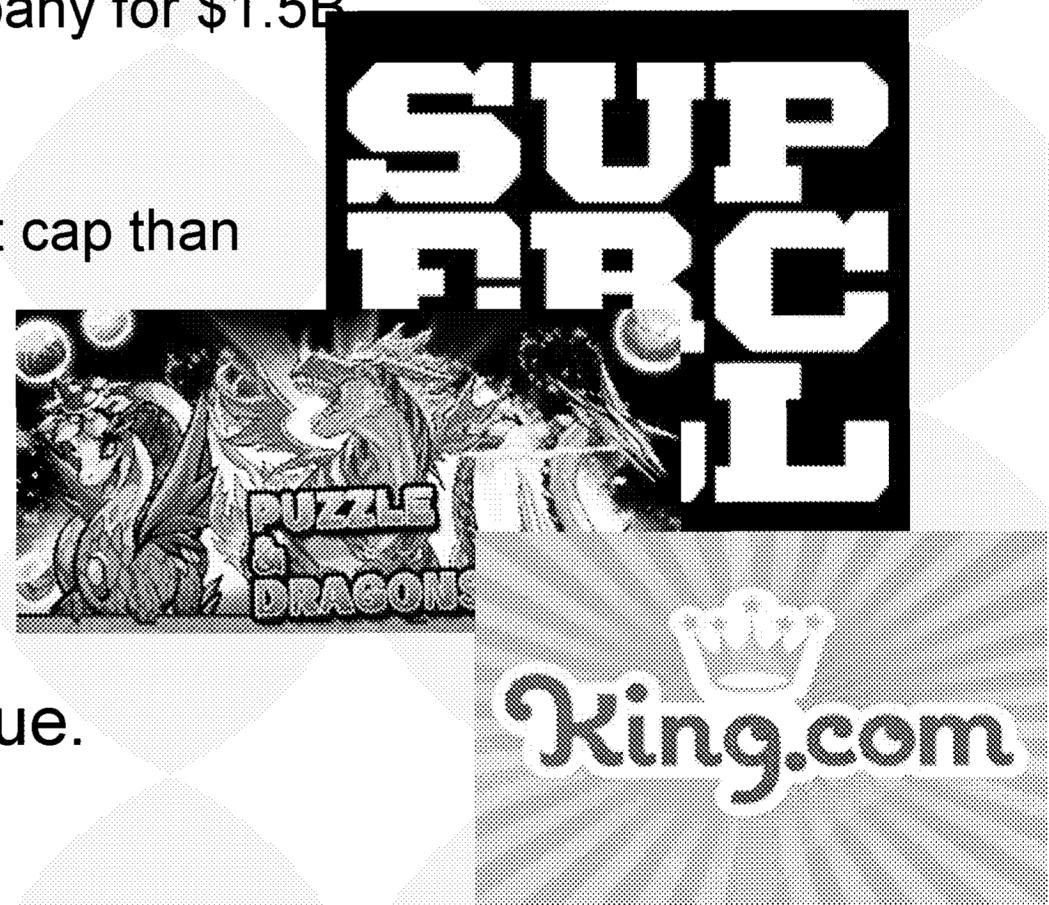
DRAFT

# Why Mobile Publishing

DRAFT

# Mobile Games Opportunity

1. SuperCell sold 51% of company for \$1.5B
2. GungHo has a larger market cap than Nintendo
3. King.com planning IPO



Games drive lots of revenue.

FB doesn't get a lot of it.

## **Speaker Notes for Slide 28**

You all know this, but FB currently derives 20%+ of its revenue from games. A small piece of that is mobile-focused, despite mobile+tablet growth accelerating.

Publishing is one way to explore alternative ways to monetize on these devices and lets us explore something that is not advertising.

DRAFT

# Why Mobile Publishing?

Facebook can drive revenue on mobile in a few ways

1. Make games
2. Process Payments
3. Developer Ad Spend (MAIA/NEKO)
4. Mobile publishing

## **Speaker Notes for Slide 29**

Processing payments is tricky right now

developer ad spend is very profitable but highly commoditized and we are inventory restrained. It's a good thing to build and grow, but it's also good to have other options.  
we aren't a games company nor do we want to be...

Mobile publishing is an opportunity to diversify our portfolio and move away from being strictly an ad network on top of other mobile platforms.

DRAFT

# Mobile Publishing Opportunity

There is a growth opportunity in identifying these high ROI+ games and becoming a distribution channel

Kakao made \$311 million as a games distributor in H1 2013

Line brings in nearly \$100 million games



<http://thenextweb.com/asia/2013/07/16/korean-messaging-app-kakao-talks-games-platform-grossed-311-million-in-h1-2013/>

<http://techcrunch.com/2013/01/10/messaging-app-line/>

And their growth is accelerating!

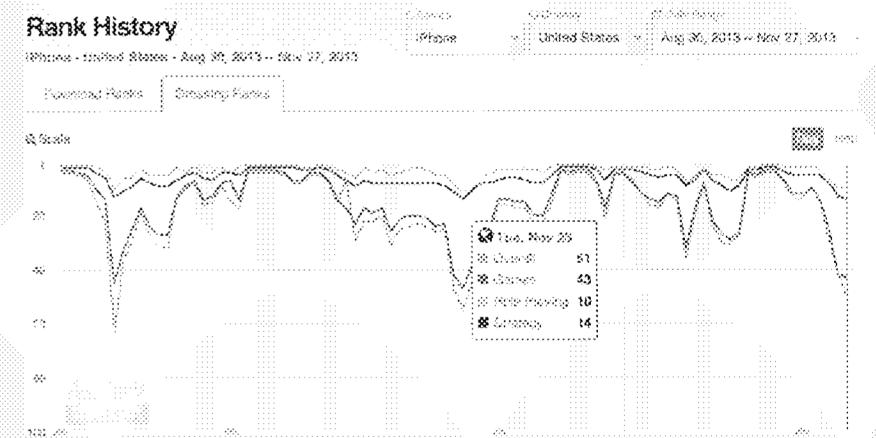
DRAFT

## Some background:

The Key to Mobile F2P is LTV > eCPI (ROI+):

1. You need healthy game metrics
2. You need to have organic traffic
3. You need to buy high-quality users
4. You need to be viral

Every step costs \$\$. Most developers run out at **Step 1**.



## **Speaker Notes for Slide 31**

Some background:

You need to design a game with high retention and high ARPDAU – we are leaving this up to the developer

Organic traffic comes from being noticeable. This means having a spot on charts on the Google Play store and Apple iTunes. It also means that you're reducing the burden on buying users / viral channels, which means eCPI is going up.

Buying high-quality users comes from ad networks, but realistically, it comes from FB. This is the ONLY channel right now that effectively gives you high-value users.

Step 4 is an arguable one – card battle games like RoB and RTS like Modern War aren't viral, but they can get away with it with very high LTV. It will probably be important for some of our titles.

Facebook can solve a discovery problem here, while encouraging best in breed FB integrations and evangelizing the value of our FB ads solutions.

DRAFT

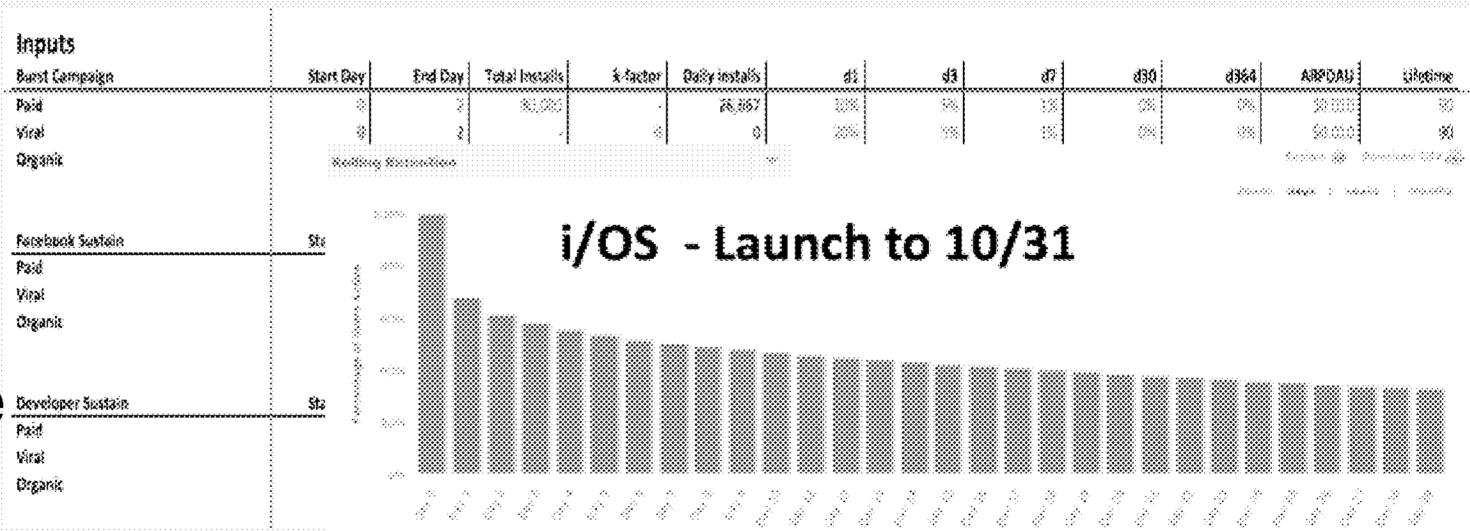
# Our approach

For each game, we focus on three phases

## 1. Modeling

1. Produce 365 day game models from dev expectations/benchmarks

## 2. Geo-betas



## 3. Global release

## **Speaker Notes for Slide 32**

We'll start with a model that will become more sophisticated over time...

We also need to discuss how geo-betas are going to be handled.

DRAFT

# Why do you have to listen to this?

Weigh in on the program direction and goals

Inform reporting to best fit your needs

Ensure we are asking the right questions / driving to the right conclusions

## **Speaker Notes for Slide 33**

This is a nascent program and we can adapt. We're still relatively nimble and lean.

DRAFT

# KPIs of Mobile Publishing Program

By the end of 2014 Q1, we want to prove we can pick  
“winners”

1. We can choose 3 ROI+ games ( $LTV > eCPI$ )
2. We can be revenue neutral (minimum revenue to FB = \$5m)
3. We can create new NEKO spenders (grow the system)



## **Speaker Notes for Slide 34**

So, to start to test that model, we have a (hopefully) achievable goal in the next 4 months. That is to produce the following:

DRAFT

# New Contract Structure

Geo beta with closely monitored KPIs

Global launch (\$200k Fiksu + \$200k NEKO)

- Prior to global launch, dev + FB agree to a internally generated revenue model supplied by biz ops
- This model will have revenue projections for the year

TRIGGER – if developer is within 15% of rev projections at DAY 30, then they get \$600k NEKO. If not, we have the option of walking away.

ALL NEKO SPEND IS PUT INTO A PMD FOR ACTUALS

DRAFT

# Wind Runners Burst

