

From: Sheree Chang [REDACTED]
To: Eddy Cue [REDACTED]
CC: Matt Fischer [REDACTED], Phil Schiller [REDACTED], Carson Oliver [REDACTED], Lindsey Blumenthal [REDACTED]
BCC:
Subject: Re: Membership Subscriptions
Attachments:
Sent: 07/20/2018 12:22:56 AM 0000 (GMT)

PLAINTIFF
 U.S. District Court - NDCAL
4:20-cv-05640-YGR-TSH
 Epic Games, Inc. v. Apple Inc.
Ex.No. PX-0422
 Date Entered _____
 By _____

Hi Eddy,

Matt mentioned that you had a positive meeting with Dara from Uber last week, and that you'd like an update on our discussions with Uber regarding their subscription plans as well as where things stand with Membership Subscriptions internally. Here are the key takeaways from our last meeting with Uber:

- Uber has started testing a new subscription variation around "Price Consistency". Consumer pays \$15-40/month to ensure consistent pricing for all routes (vs just one route as initially planned) which would effectively remove all surge pricing. Currently testing in NYC and a few other cities. They plan to launch nationwide Sept/Oct.
- Uber also mentioned that they have more subscription plans in the works - potentially for bikes, food delivery, etc. Sounds like they are planning to make these subscriptions a key cornerstone of their offerings.
- We let Uber know that they should start planning to use IAP for the subscription portion.
- As we expected, they balked at the 30% rev share. They started asking about workarounds (i.e. directing people to subscribe via the web etc). As our conversation continued, they seemed to start accepting that they would likely need to pass the 30% along to the consumer. However, I doubt this will be the end of the commissions discussion with them. Uber operates on slim margins, as do many of these physical goods and services developers. So we anticipate our current commission structure will be a key sticking point for these types of developers to adopt IAP.
- Uber also expressed concern about needing to implement StoreKit and maintain an additional payment method, stating that they don't currently have the operational resources. We have connected them directly with our Ops team to work out those details.

The main outstanding issues that still need to be resolved internally are:

1. Existing apps with memberships. As you rightly pointed out, we still need to decide on the right course of action to take with the existing Membership apps that sell direct today. Examples include: Postmates, Instacart, and Costco. Both Uber and Lyft have already tried and will likely continue to try to poke holes in our policy if it is inconsistently enforced. We've raised this issue with App Review but I don't believe any action has been taken yet.

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Finally, please note that WWDR has been working on setting up an Apple-Uber exec meeting but the timing is still tentative.

Hope this helps and please let us know if you have questions/comments. Thanks!

On Jul 16, 2018, at 1:31 PM, Eddy Cue [REDACTED] wrote:

I think its a great next step.

The biggest issue is what to do about all the existing apps that sell direct today.

Lots of questions and ideas but lets get going.

Exhibit
PX 422

PX-0422.1

APL-APPSTORE_09801574

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On Jul 11, 2018, at 8:27 AM, Matt Fischer [REDACTED] wrote:

Eddy,

To follow up on my text, we think Membership Subscriptions is a big idea that could create a new revenue stream for the App Store with developers we don't currently monetize with (e.g. Uber, Lyft, Postmates, Costco, etc.). We shared this with Phil last month and he was very supportive.

Also, we hear that Tim is meeting with Dara from Uber soon and we expect this topic is come up, so we want to make sure Tim is aware of the concept as well.

We'd love to hear your thoughts.

Best,
Matt

On Jun 26, 2018, at 11:13 AM, Sheree Chang [REDACTED] wrote:

Hi Eddy,

Enclosed is the Membership Subscriptions proposal that we shared with Phil on Friday, 6/1. We believe Membership Subscriptions will become a sizable new revenue stream but if we don't move quickly to set the precedent, our window of opportunity to capture it will close. Lyft and Uber are two notable developers which are planning to launch subscriptions in their app soon. Phil confirmed that these memberships should be considered a new sub-category for subscriptions. He also agreed that apps which offer these types of memberships, should be using IAP. As a next step, we are working with App Review/Legal to formalize our policy on Membership Subscriptions.

Summary of presentation:

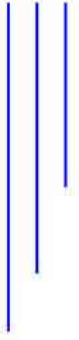
- There is a rising trend of traditionally physical goods and services developers selling subscriptions that provide **access to** various benefits (e.g. unlimited free deliveries, discounts, unique access, etc). Amazon Prime is a classic example of this and was recently approved for IAP.
- Multiple apps have launched or are planning to launch memberships programs, where the purchase of the membership is de-coupled from the purchase of the actual product or service. Uber and Lyft are currently testing various subscription models (e.g. Pay \$10/month to lock in a flat rate from home to work and 10% off all other rides; Pay \$400 upfront for unlimited rides, etc). Lyft has told us they will pursue a full-scale launch as early as next month.
- We introduced a framework for how to think about monetization on the App Store in it's current state...and how it might look like in the future (page 2&3). We believe Membership Subscriptions can become a key lever to monetize some of the most popular free apps.
- In addition to the apps that currently have membership subscriptions (e.g. Postmates, Costco, and Instacart) there are many additional apps that could benefit from a membership subscription (e.g. Nordstrom, Alibaba, Ticketmaster, etc). Our team would like to proactively pitch these partners to offer membership subscriptions and to discuss the benefits of IAP, once our policy is official.
- Many of these developers recognize the benefits of using our subscriptions platform, particularly as a way to launch and operationalize these memberships quickly. However, we anticipate our 30% commission will be a key concern for them.

Please reach out with any questions and we'd be happy to discuss live.

Thanks,
Sheree and Lindsey

<Membership Subscription Proposal_May 2018 copy 2.pdf>

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