

Subject: Re: Rumor has Google close to buying WhatsApp for \$1B
From: "Philip Schiller" <[REDACTED]>
Received(Date): Mon, 08 Apr 2013 15:32:44 +0000
To: "Eddy Cue" <[REDACTED]>
Cc: "Craig Federighi" <[REDACTED]> "Tim Cook" <[REDACTED]>
Date: Mon, 08 Apr 2013 15:32:44 +0000

iMessage was created as a feature of IOS that brings value to our iPhone users.

It makes no revenue and is funded by our product margins.

The idea that we should now get into the messaging business (what little there is of it) to fund an crds platform messaging apps out of our product revenues to defend against a Google/WhatsApp product is 180 degrees a different strategy. I don't understand the end game there.

Safari lost on Windows because a) we are not dedicated to being a great Windows browser developer and thus didn't innovate enough there and b) we spent \$0 marketing a browser to Windows users. Google invested a ton in both engineering their browser on Windows and marketed the hell out of it.

On Apr 8, 2013, at 7:47 AM, Eddy Cue <[REDACTED]> wrote:

The reason we lost Safari on Windows is the same reason we are losing Safari on Mac. We didn't innovate or enhance Safari. If you want to compete on something across all platforms, it needs to be the best. We had an amazing start on Safari and then stopped innovating. Now, we are starting to work on Safari again but look at Chrome. They put out releases at least every month while we basically do it once a year.

In the end, you will use the messaging app that lets you reach everyone not just iOS customers. So we lose messaging on our platform and Google will end up with another key asset on the Internet.

On Apr 8, 2013, at 7:37 AM, Philip Schiller <[REDACTED]> wrote:

This sounds like the Safari on Windows strategy to me
That didn't work

I think the logic for iTunes on Android makes sense. Not iMessage.

On Apr 8, 2013, at 7:32 AM, Eddy Cue <[REDACTED]> wrote:

On Apr 8, 2013, at 7:04 AM, Craig Federighi <[REDACTED]> wrote:

Do you have any thoughts on how we would make switching to iMessage (from WhatsApp) compelling to masses of Android users who don't have a bunch of iOS friends? iMessage is a

Exhibit
PX 408

PX-0408.1

nice app/service, but to get users to switch social networks we'd need more than a marginally better app. (This is why Google is willing to pay \$1B -- for the network, not for the app).

Keep making a better app. Our app is secure and private today. There's is not. We also need to be adding features to iMessage to keep it a leader - better group messaging, status, location, payments, etc.

In the absence of a strategy to become the primary messaging service for to bulk of cell phone users, I am concerned the iMessage on Android would simply serve to remove and obstacle to iPhone families giving their kids Android phones.

If we think this way then we shouldn't do anything on Android. Android is huge and here to stay. I think we need to get Android customers using and dependent on Apple products. That is the best way to get them to consider our products in the future.

On Apr 7, 2013, at 10:04 PM, Eddy Cue <[REDACTED]> wrote:

Do we want to lose one of the most important apps in a mobile environment to Google? They have search, mail, free video and growing quickly in browsers. We have the best messaging app and we should make it the industry standard. I don't know what ways we can monetize it but it doesn't cost us a lot to run.

On Apr 7, 2013, at 9:36 PM, Philip Schiller <[REDACTED]> wrote:

And since we make no money on iMessage what will be the point?

On Apr 7, 2013, at 9:08 PM, Eddy Cue <[REDACTED]> wrote:

We really need to bring iMessage to Android. I have had a couple of people investigating this but we should go full speed and make this an official project.

Google will instantly own messages with this acquisition.

<http://appleinsider.com/articles/13/04/07/rumor-has-google-close-to-buying-whatsapp-for-1b>

Rumor has Google close to buying WhatsApp for \$1B

Sunday, April 07, 2013, 05:01 pm

By [AppleInsider Staff](#)

Google is said to be well into negotiations with the team behind WhatsApp, with the search giant reportedly considering a \$1 billion price tag for the popular cross-platform messaging app.

Sources reportedly close to the negotiations [tell Digital Trends](#) that Google is looking to acquire the popular messaging app, and that [WhatsApp's](#) team is "playing hardball," holding out for an acquisition price close to \$1 billion. Bringing WhatsApp into the fold would likely provide Google with a faster route to unifying its disparate messaging services — Google Voice, Google Hangouts, Google Talk, etc — making it more capable of competing in the communication segment against Internet rival Facebook.

Such a service unification may be high up on Google's priorities list right now. Rumors have the search leader working on a project known as Babble, which would provide cross-platform communications between its services. The rumored WhatsApp negotiations could be a means of bringing an accomplished team into Google's own operations, as Google did when it [acquired popular iOS mail app Sparrow](#) in July.

Google is said to have approached WhatsApp in the past, broaching the topic of an acquisition in early December. Around the same time, Facebook was [also said](#) to be considering buying WhatsApp.

WhatsApp has proved immensely successful in the time since its release, netting tens of millions of users across Android, BlackBerry, Windows Phone, and Apple's iOS platform. It is currently the second-most popular paid app in Apple's iTunes App Store, and the service saw [18 billion messages](#) transmitted this past New Year's Eve.

Eschewing advertisements, WhatsApp has managed to pull in considerable revenues with a simple yearly subscription fee of \$1. iPhone users pay that fee upon first downloading the app, though [recent rumors](#) have the service moving to a model more in line with its incarnations on other platforms. Users on other platforms can download and use the app for free for the first year before being presented with the option to pay a \$1 per year subscription fee. While WhatsApp has not released any details on its financial operations, *Digital Trends'* source says the company may be pulling in roughly \$100 million in revenue.