

Would Google be crazy to buy Youtube. No doubt about it. Moronic would be an understatement of a lifetime.

Would Google be stupid to do a deal with Youtube. Not at all. Would Youtube be smart to do a deal with Google. Thats a different answer.

If Google went to Youtube, [like they did Myspace](#) and said they would pay them a minimum of hundreds of millions of dollars a year in exchange for letting Google sell text and video ads on Youtube, as long as there were performance requirements it would make perfect sense for Google.

So for Google to say, we will pay youtube Xpct of our revenue we generate from your site as long as you generate X number of users/views/minutes watched, whatever metric they choose. That would be a great deal for Google.

Why ? Because it would get them the opportunity to become the leader in selling video/rich media ads and to enhance their publishing/ad sales to incorporate video for any site that wants to use Google. Of course Google would build in protections against getting sued into oblivion. Their many lawyers will take care of that .

The real question is whether this is a good deal for Youtube. Of the surface how could it not be, right ?

They could be playing Google off against possibly MicroSoft and Yahoo who both will want to dominate and publishing video ads across the web to get the best possible guarantees and percentage of revenue.

They could be pushing for promotional support , maybe even becoming the default video for Google or whoever they partner with.

With Google, they may be probing them to host all those videos in the super secret server farms that host Google servers and probably some black helicopters as well.

Like Myspace, they could walk away with hundreds of millions of dollars. Five or Six years, \$1.6billion in guaranteed advertising reveue from Google ? Not inconceivable as a deal. Plus it meets the Youtube criteria of not wanting to sell the company.

But that price is probably too high if the Google/Myspace deal already includes video because Google/Mysapce video alone can establish Google as a video ad outlet. (Since that deal was done before Myspace really pushed into hosting its own video, its hard to know.).

But then its possible that Google wants to pre empt any competition and will pay whatever it takes to lock up both Youtube and Myspace.

What a great deal either way for Youtube, right ?

Maybe not.

300mm a year in revenue doesn't go as far as it used to. Youtube now becomes a deep pocketed target. Sure, they can try to work out deals with the biggest media companies, but those deals are going to be ultra expensive. If not monstrous up front payments, then huge percent of revenue hits. But that will be the easy part.

This is where the long tail comes back to bite you in the ass. There aint no compulsory license for video. You got to work your way up the long tail , one at a time. Licensing each. Thats an impossible job, which is why the webcasting and related industries have fought for compulsory licenses.

Its not the big companies they would have to worry about the most. Its the little guy. Youtube would get sued by the thousands of rights holders who will seek the maximum amount per download from Youtube for their content.

This is where Youtube is really screwed. Youtube doesn't stream. They use progressive download. So the damage claims are going to be per download and enormous.

Its obvious what Youtube is trying to do. They are trying to push the obligation of licensing rights out on the rights holders by hiding behind the Safe Harbor rules of the DMCA. Make the rights holders find the copyrighted materials out of 60k uploads a day rather than make Youtube find the copyright owners of the materials uploaded.

As I have said many times, that shit aint gonna fly. I dont think so, and neither does a long, long list of copyright owners. We arent just talking big media companies. We are talking fake a lawsuit companies.

Dont think for a minute that there wont be lawyers writing songs, having their buddies perform them, and putting them on Youtube, jerry rigging the number of views via any number of [easy to do processes](#) and then suing Youtube over it.. It will be the Youtube version of shareholder lawsuits. They wont need no stinkin take down notices. They will claim that Youtube isnt a hosting company, they are a media company with licensing deals, getting paid for advertising around video. Just like every other media company

Could Youtube collect enough money to fight it out and pay out enough ? Maybe. But the thing about these lawsuits is that they keep coming and coming. THE way Youtube currently does things, they would NEVER end.

Which leads to this question. Why wouldnt Youtube start policing for copyrights ? If they dont have a license, dont put it on the site. Simple. Takes away 100pct of the risk. Makes everyone happy. Dont you wonder what scares them away from doing this ? Sure they only have 60 people, but hey, one of the biggest challenges of running a business is paying for growth.

If the videos are no longer than 10 minutes each. Thats 600k minutes per day. 10k Hours max. You can hire 1000 people in a datacenter to review videos. 1k people, 10k with overhead per month. (if they buy US rather than overseas) Thats 10mm per month. x 12 months, thats 120mm . And thats if they want to get the videos posted as soon as they are re encoded . Add a delay and the number of employees drops dramatically. Plus, as they license content, the number of videos under license should match the growth in video, so emp count can remain constant.

If User Generated Content is as popular as everyone says it is, whats the risk for them to respect copyright and only host safe content on the sight ?

And for what its worth, everything I just said applies to every video hosting site, not just Youtube.

The copyright shit is going to hit the lawsuit fan. Personally, I think the site that has this handled first is going to be in a great position to leapfrog those who dont. They can be out enabling great user created content and building traffic while everyone else is fighting lawsuits