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**From:** Aaron Greenberg </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=MICROSOFT.ONMICROSOFT.COM-55760-AARON GREENBERG>  
**To:** Matt Booty  
**Sent:** 6/7/2020 7:46:40 PM  
**Subject:** Re: Materials for Next Week's Conversation with Matt Ball

Ha so true, nailed it.

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**From:** Matt Booty <mbooty@microsoft.com>  
**Sent:** Sunday, June 7, 2020 11:52:13 AM  
**To:** Aaron Greenberg <aarongr@microsoft.com>  
**Subject:** RE: Materials for Next Week's Conversation with Matt Ball

[REDACTED]

**From:** Aaron Greenberg <aarongr@microsoft.com>  
**Sent:** Sunday, June 7, 2020 11:48 AM  
**To:** Matt Booty <mbooty@microsoft.com>  
**Subject:** Re: Materials for Next Week's Conversation with Matt Ball

Well said, content is king.

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**From:** Matt Booty <mbooty@microsoft.com>  
**Sent:** Sunday, June 7, 2020 11:40 AM  
**To:** Aaron Greenberg  
**Subject:** FW: Materials for Next Week's Conversation with Matt Ball

JFYI

**From:** Matt Booty  
**Sent:** Sunday, June 7, 2020 11:38 AM  
**To:** Matt Percy <mpercy@microsoft.com>; Beth Arnold <bethsc@microsoft.com>; Mary McGuane <marymcm@microsoft.com>; Bonnie Ross (I'M REALLY BONNIE ROSS) <bonnier@microsoft.com>; Craig Duncan <cduncan@microsoft.com>; Alan Hartman <alanha@microsoft.com>; Shannon Loftis <shannl@microsoft.com>; Darrell Gallagher <Darrell.Gallagher@microsoft.com>; Helen Chiang <hchiang@xbox.com>; Peter Wyse <Peter.Wyse@microsoft.com>; Mike Crump <micrump@microsoft.com>  
**Cc:** Ashley McKissick <ashleysp@microsoft.com>; Ben Decker <Ben.Decker@microsoft.com>; Joyce Lin (XBOX) <jolin@microsoft.com>  
**Subject:** RE: Materials for Next Week's Conversation with Matt Ball

I have read this doc a couple times now, and a few things stick out to me from the Studios perspective. I aggregate the four points below in to: "Resist the urge to overthink things, and don't fixate on promos and marketing, as the biggest thing Studios can do is [REDACTED]"

- Marketing spend is often hypothesized as a key lever. However, it seems to be more of an operating rule of thumb and defensive maneuver, not a growth opportunity. Over the past decade, Spotify and Netflix

have kept marketing spend relatively flat at 10–12% of revenue in the United States. As with promotions, marketing cannot compensate for a content offering that doesn't delight customers.

- Still, it is easy to be too clever about content subscription services. All things being equal, the single biggest driver of any content subscription service is hit content. And so, as access-related tailwinds are exhausted and more players enter the marketplace, competition shifts towards content.

- Hulu's The Handmaid's Tale was released a decade after the service's launch, and in the subsequent six months, Hulu has said it saw a 98% increase in daily signups. Nothing Hulu has ever done, from 85% off promotions to free service for Spotify Premium subscribers, has shown a greater, longer lasting impact on subscriber growth. Even Disney+, which has the world's greatest catalogue and receives 10+ new Disney feature films per year, believes it needs original exclusives.

- Historically, the value of content was relatively linear to consumption. A game with 20% more sales generated 20% more revenues; a show with 20% more viewership generated 20% more ad revenue. But in a subscription, hits become inordinately more valuable. You can't look at the singular P&L of these titles.

**From:** Matt Percy <[mpercy@microsoft.com](mailto:mpercy@microsoft.com)>

**Sent:** Thursday, June 4, 2020 3:16 PM

**To:** Beth Arnold <[bethsc@microsoft.com](mailto:bethsc@microsoft.com)>; Mary McGuane <[marymcm@microsoft.com](mailto:marymcm@microsoft.com)>; Bonnie Ross (I'M REALLY BONNIE ROSS) <[bonnier@microsoft.com](mailto:bonnier@microsoft.com)>; Craig Duncan <[cduncan@microsoft.com](mailto:cduncan@microsoft.com)>; Matt Booty <[mbooty@microsoft.com](mailto:mbooty@microsoft.com)>; Alan Hartman <[alanha@microsoft.com](mailto:alanha@microsoft.com)>; Shannon Loftis <[shannl@microsoft.com](mailto:shannl@microsoft.com)>; Darrell Gallagher <[Darrell.Gallagher@microsoft.com](mailto:Darrell.Gallagher@microsoft.com)>; Helen Chiang <[hchiang@xbox.com](mailto:hchiang@xbox.com)>; Peter Wyse <[Peter.Wyse@microsoft.com](mailto:Peter.Wyse@microsoft.com)>; Mike Crump <[micrump@microsoft.com](mailto:micrump@microsoft.com)>

**Cc:** Ashley McKissick <[ashleysp@microsoft.com](mailto:ashleysp@microsoft.com)>; Ben Decker <[Ben.Decker@microsoft.com](mailto:Ben.Decker@microsoft.com)>; Joyce Lin (XBOX) <[jolin@microsoft.com](mailto:jolin@microsoft.com)>

**Subject:** Materials for Next Week's Conversation with Matt Ball

Hi Studios leads!

Next Tuesday (June 9), we're planning to have Matt Ball come present some work he's been doing for us on Game Pass. As you may know, Matt is the former head of strategy for Prime Video, and does consulting work for a variety of video subscriptions. We've been working with Matt for the past year to help us refine our thinking on GP strategy; we've consistently found his insights helpful and he's been able to translate his knowledge from video to gaming in ways that are stimulating. From talking to Matt Booty, we thought it would be great to connect with all of you and share some more of Matt's work. Matt will be discussing the following whitepaper he's written for us – it's long (13K words!) but rich in thought, and is well worth a pre-read. It covers the following:

1. The economic opportunity for gaming in a Covid world. What popped for me is the huge opportunity we have even after SAH ends – there's a real lack of entertainment content being produced in general (Hollywood production is still zeroed out) means we have a long window to grow / steal time from TV when things open up.
2. Drivers of growth for content subscription – [REDACTED]
3. Matt's thoughts on [REDACTED]
4. The value of genres, especially kids content, to video in driving retention [REDACTED]

Hope you find this enjoyable, looking forward to a rich discussion next week!

Best,

Matt

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