P2P

REVENUE
ENGINE

P2P Revenue Engine (P2PRE) Proposal

Overview

DCIA Members, such as Altnet and Trymedia Systems, among others, have demonstrated that content entered into peer-to-peer (P2P) file-sharing environments by rights holders can be protected using digital rights management (DRM) technologies and monetized using payment service solutions.

The P2P Revenue Engine (P2PRE) is a project led by INTENT MediaWorks, facilitated by the DCIA, and developed by ten (10) uniquely-qualified participating companies (please see below) to address content entered into P2P file-sharing environments by consumers.

The overriding goal of P2PRE is to demonstrate to major music labels and movie studios, through proof-of-concept testing and market-trials conducted with [a TBA label] and [a TBA studio], that consumer-entered content can also be protected and monetized in P2P redistribution and, in fact, made to perform just as though its rights holders had seeded it.

Participating companies include Shared Media Licensing, which will contract for test content; eDonkey, which will provide P2P software to distribute it; INTENT MediaWorks, which will package test content three representative ways: 1) with advertising, 2) in subscriptions, and 3) for a la carte sales; Digital Containers, which will apply DRM to protect the test content; Relatable, which will use acoustical fingerprinting to identify test content entered into P2P distribution by consumers; MediaGuide, which will match these consumer-entered P2P files with their corresponding files in a rights-holder registry; AlmondNet, which will manage advertising support; Clickshare, which will handle payment processing; Peppercoin, which will track test content usage in subscriptions, and P2P Cash, which will issue payment tokens to unlock authorized files of test content for viewing or listening by consumers.

Ten Companies – One Solution

P2PRE supports the basic principle of mutual respect for all stakeholders. Consumers' privacy will not be violated, and their contributions of bandwidth, storage, transmission, and certain marketing expenses, will be reflected in the value propositions ultimately presented to them. Participation by content rights holders, P2P software suppliers, and service providers shall remain voluntary, and they will retain control over their respective businesses throughout implementation.

The project also defines critical performance criteria. Rights holders must be able to require that their registered content consistently performs according to usage rules that they stipulate for its redistribution, including compensation. File-sharing program suppliers must be able to require that their software performance be preserved and protected, and that current user experience and traffic levels be enhanced rather than impaired.

Finally, the P2PRE project needs certain indemnifications. Participants will be embarking on a difficult enough assignment without having constantly to look over their shoulders. Participating consumers need to be assured they will not be sued for copyright infringement. Participating companies need to be indemnified by each other against using their P2PRE participation in ongoing or future litigation.

One of our guiding principles for the proof-of-contest testing and market-trials of P2PRE has been to use existing "off-the-shelf" components wherever possible to avoid unnecessary costs and delays in achieving our objectives – which are to prove that this solution will work for major rights holders and P2P software suppliers.

In this regard, during the first five (5) phases of the six-phase P2PRE project, we recommend that [a TBA label] and [a TBA studio], as primary rights holders, continue to hold their content licenses and engage with P2PRE participant Shared Media Licensing (SML) under SML's current standard service provider agreement, which has been modified to cover the early non-revenue-generating phases as well as extended to cover subscription and advertising as well as a la carte sales revenue. SML in turn will treat the other P2PRE participants as the Independent Content Provider (ICP) under its existing form-agreement during these phases.

Even more important than the technical operations aspects of P2PRE will be the business and economic aspects that ultimately need to be acceptable to all parties in order for commercial deployment to proceed in phase six (6). We see that as proceeding on a parallel track with the proof-of-concept testing and market-trials and request that [a TBA label] and [a TBA studio] each provide a single point-of-contact to help develop this aspect with P2PRE participant MediaGuide.

P2PRE Roll-Out

Six Phases
1. **Provider Seeded**
2. **User Seeded**
3. **Library/Catalog**
4. **All Transactions**
5. **Full P2P Program**
6. **Commercial Deployment**

The first five (5) phases can be summarized as a series of steps, each of approximately two-months duration, which can commence two (2) months after final selection of [a TBA label] and [a TBA studio], demonstrating protection and monetization of test content: first, sample content entered into P2P by [a TBA label] and [a TBA studio]; second, that same sample content entered by consumers; third, the full library of [a TBA studio] content and catalog of [a TBA label] content entered by consumers; fourth, every transaction of all content entered by consumers; and fifth, expanding this from a closed test-P2P-program to an open commercial P2P-software-application. The sixth step is commercial deployment with other major rights holders and P2P software providers and is planned to take six months.

Phase 1

- **Objective:**
  - Provider Seeded

- **Implementation:**
  - Months 3-4
  - Test 50 Most Popular VOD Movies and 500 most popular music tracks
  - Closed-End System
    - eDonkey
  - 250 Beta-Tester Consumers
  - $100 "Dollars" to Test/Buy Media
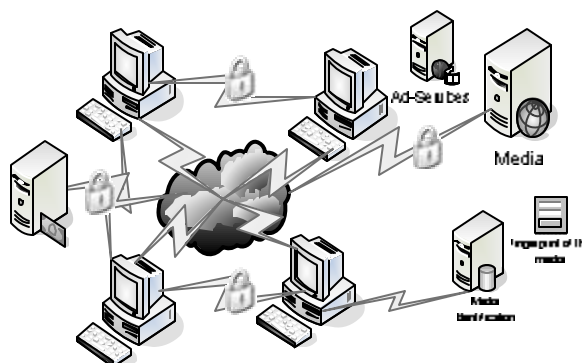
**Phase 1 – Months 3-4
Rights-Holder-Entered Content**

Objective: Demonstrate that content files (in representative promotional / subscription / a la carte sale versions) entered by rights holders into P2P distribution can be redistributed securely via P2P.

500 [a TBA label] most-popular tracks.
50 [a TBA studio] most-popular VOD movies.
Test software closed to any other content.
250 users (participants are informed that they are beta testers and given 100 "dollars" in P2P tokens to spend, but not directed to do any specific purchasing behavior).

Shared Media Licensing – Serve as P2PRE point-of-contact in relationships with [a TBA label] and [a TBA studio]. (I.E., Enter into agreements with [a TBA label] and [a TBA studio] to cover first-phase proof-of-concept testing for 500 music tracks and 50 movie titles; extend existing Weedshare business model to cover promotional and subscription versions of test content as well as a la carte versions; establish consumer accounts with testers; make simulated payments to rights holders; obtain indemnifications for all P2PRE companies and consumer participants; nominal revenue-sharing to conform to SML standard contract).

eDonkey – Provide P2P software to testers. (I.E., create a beta software program that initially only permits sharing of the 550 files being tested in this phase; add test end-user license agreements [EULAs] with indemnification; working with Feldman Research Lab, provide software to 250 beta testers, ensuring that they are a demographically representative sample).

INTENT MediaWorks – Receive [a TBA label] and [a TBA studio] content for processing and packaging; and provide proof-of-concept reports. (I.E., Prepare test versions of the 500 music and 50 video files: 1) advertising-supported promotional, 2) opt-in subscription, 3) a la carte sale; for test purposes: 5 music subscriptions at $10 per month each offering access to 100 like-genre tracks; a la carte music $1.00 per track; 5 movie subscriptions at $20 per month each offering access to 10 like-genre movies; a la carte movies $5.00 per title; ad-supported download promotional versions will have unlimited plays on unlimited devices; subscription versions will play on only one device and demonstrate P2P virtual-streaming technology; a la carte versions will be playable on up to six devices; aggregate key metric reports and provide on a monthly basis to [a TBA label], [a TBA studio], and P2PRE participants).

Digital Containers – Add DRM and packaging and merchandising components and seed content into P2P distribution (I.E., integrate SML's Weed with other security technologies and payment services and affinity marketing elements [below]; enter the ad-supported, subscription, and a la carte versions of test content to be redistributed among beta testers).

Relatable – Conduct field acoustic fingerprinting and manage content database. (I.E., Demonstrate that the 550 test files can be identified as they are being uploaded among beta testers; provide results reports to IMW for aggregation).

MediaGuide – Oversee rights registry database and serve as rights-holders liaison. (I.E., Demonstrate that the Relatable-identified files can be compared to a MediaGuide file database containing rights-holder information for each test file; provide results reports to IMW for aggregation).

AlmondNet – Manage advertising component. (I.E., Involve a test advertiser [such as Coca-Cola] to demonstrate three levels of participation for the promotional content offers, such as banners at a $2 cost-per-thousand [CPM], simple click-through at $0.05, and full direct response at $0.20; the music promotional version will also feature higher-value audio ads at an estimated $5 CPM and the movie

promotional version will also feature higher-value full-motion video ads at an estimated $10 CPM; provide results reports to IMW for aggregation).

Clickshare Service – Oversee payment services and provide affinity programs. (I.E, Provide the basic processing services including prepaid solutions in later phases; involve a test tie-in marketer [such as Entertainment Magazine] in later phases to demonstrate multiple payment and retail network capabilities; provide results reports to IMW for aggregation).

Peppercoin – Provide subscription tracking services. (I.E., Demonstrate technology for tracking files downloaded in the subscription music and movie offers for pro-rata payments to be allocated to [a TBA label] and [a TBA studio] properties based initially on number of downloads per title; provide results reports to IMW for aggregation).

P2P Cash – Provide decentralized P2P payment technology featuring consumer tokens. (I.E., Demonstrate technology for sales of tracks and movies using Intelligent Cash Units [ICUs] and provide beta testers each with 100 "dollars" of tokens to use to "subscribe" to packages and "purchase" a la carte tracks and movies; provide results reports to IMW for aggregation).

Phase 2

- **Objective:**
  - User Seeded

- **Implementation:**
  - Months 5-6
  - Consumers Enter CDs & DVDs
    - Relatable and MediaGuide
  - Restricted System
  - Same 250 + 750 New Beta-Tester Consumers
  - $100 "Dollars" to Test/Buy Media
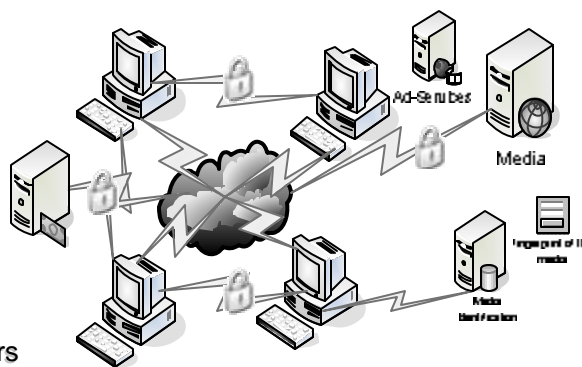
Phase 2 – Months 5-6
Consumer-Entered Content

Objective: Demonstrate that unprotected files (of phase one content) entered into P2P distribution by consumers can be identified, replaced if necessary to respond to quality issues, and made to perform as if they had been entered by rights holders (promo/sub/sale versions).

500 [a TBA label] most-popular tracks (refreshed as needed).
50 [a TBA studio] most-popular VOD movies (refreshed as needed).
Test software open to any content in shared folders (only test-titles are affected).
1,000 users (original 250 plus 750 new; new participants are informed they are beta testers and given 100 "dollars" in P2P tokens to spend, but not directed to do any specific purchasing behavior; original participants are given another 100 "dollars" in P2P tokens and, if necessary for testing to be completed, instructed to rip and upload test-titles from CDs and DVDs).

Shared Media Licensing – Serve as P2PRE point-of-contact in relationships with [a TBA label] and [a TBA studio]. (I.E., Extend agreements with [a TBA label] and [a TBA studio] to cover second-phase proof-of-concept testing for 500 music tracks and 50 movie titles as entered into distribution by consumers).

eDonkey – Adjust P2P software and expand number of testers. (I.E., open beta software program to permit sharing of the 550 test titles entered by consumers for testing in this phase; working with Feldman Research Lab, add 750 new beta testers, ensuring that they are a representative sample; if necessary notify the 250 original testers to rip and place in their shared folders some of the 550 test-titles from CDs and DVDs).

INTENT MediaWorks – Receive any new [a TBA label] and [a TBA studio] refresher content for processing and provide reports. (I.E., Prepare test versions of any refreshed music and/or video files: 1) promotional, 2) opt-in subscription, 3) a la carte sale).

Digital Containers – Introduce solution to add DRM to consumer-seeded content (I.E., either replace files when quality requires it or intercept and remotely add DRM prior to downloading by testers who have searched for a given title; initially DRM will be applied centrally and content reseeded; as this scales the application of DRM can be moved to super-nodes, and ultimately this process can become a client application to fully take advantage of the decentralized P2P architecture).

Relatable – Conduct acoustic fingerprinting and manage field content database. (I.E., Demonstrate that the 550 test files can be identified as they are being uploaded for redistribution among beta testers; tag consumer-entered content files of questionable quality; provide results reports to IMW for aggregation).

MediaGuide – Oversee rights registry database and serve as rights-holders liaison. (I.E., Demonstrate that the Relatable-identified files can be compared to a MediaGuide file database containing rights-holder information for each file; address quality issues of consumer-entered content; provide results reports to IMW for aggregation).

AlmondNet – Manage advertising component. (I.E., Demonstrate that the test advertising for the promotional content offers can be added to approved consumer-entered content; provide results reports to IMW for aggregation).

Clickshare Service – Oversee payment services and provide affinity programs. (I.E., Demonstrate that the multiple payment processing and retail network capabilities can be extended to approved consumer-entered content; provide results reports to IMW for aggregation).

Peppercoin – Provide subscription tracking services. (I.E., Demonstrate that pro-rata payments for the subscription music and movie offers to be allocated to [a TBA label] and [a TBA studio] properties can be applied to approved consumer-entered content; provide results reports to IMW for aggregation).

P2P Cash – Provide decentralized P2P payment technology and consumer "token dollars." (I.E., Provide a new 100 "dollars" in tokens to each of the original testers; and also provide new testers each with 100 "dollars" to "subscribe" to packages and "purchase" a la carte tracks and movies; provide results reports to IMW for aggregation).

Phase 3

- **Objective:**
  - Full Catalog & Library

- **Implementation**
  - Months 7-8
  - Catalog & Library Tracked
  - Test Content Contributed by Users Is Identified and Replaced
  - Restricted System With 1,000 Beta-Tester Consumers
  - $100 "Dollars" to Test/Buy Media
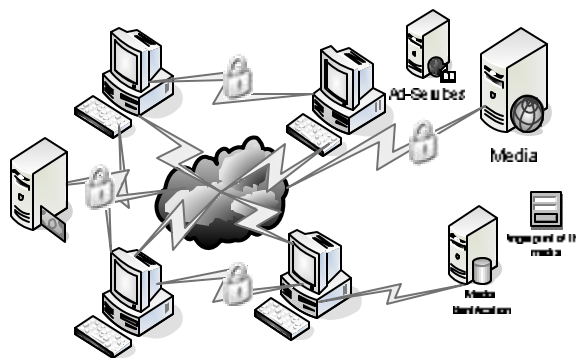
Phase 3 – Months 7-8
Total Content Catalog & Library

Objective: Demonstrate that unprotected files of all [a TBA label] and [a TBA studio] content entered into P2P distribution by consumers can be identified, quality-corrected, and made to perform as if it had been entered by rights holders in phase one (promo/sub/sale versions).

500 [a TBA label] most-popular tracks (refreshed as needed) plus consumer-entered [a TBA label] tracks to cap of 100 new titles.
50 [a TBA studio] most-popular VOD movies (refreshed as needed) plus consumer-entered [a TBA studio] movies to cap of 10 new titles.
Test software open to any content in shared folders (only certain [a TBA label] and [a TBA studio] content affected).
1,000 users (participants are given another 100 "dollars" in P2P tokens).

Shared Media Licensing – Serve as P2PRE point-of-contact in relationships with [a TBA label] and [a TBA studio]. (I.E., Extend agreements with [a TBA label] and [a TBA studio] to cover third-phase proof-of-concept testing for 100 additional [a TBA label] music tracks and 10 additional [a TBA studio] movie titles entered into distribution by consumers).

eDonkey – Adjust P2P software. (I.E., open beta software program to permit sharing of all content entered by consumers for testing in this phase; working with Feldman Research Lab).

INTENT MediaWorks – Receive any new [a TBA label] and [a TBA studio] refresher content for processing, oversee method for creating the three versions of other [a TBA label] and [a TBA studio] titles for phase-three testing, and provide reports. (I.E., Prepare test versions of any refreshed music and/or video files and other approved consumer-entered [a TBA label] and [a TBA studio] content: 1)

promotional, 2) opt-in subscription, 3) a la carte sale; add two more subscription offerings: one for new user-entered [a TBA label] content and one for new user-entered [a TBA studio] content).

Digital Containers – Continue to add DRM to consumer-seeded content (I.E., either replace files when quality requires it or intercept and remotely add DRM prior to download by testers who have searched for a given title).

Relatable – Conduct field acoustic fingerprinting and manage content database. (I.E., Demonstrate that agreed upon number of [100] new [a TBA label] and [10] new [a TBA studio] files can be identified as they are being uploaded among beta testers; tag consumer-entered content files of questionable quality; provide results reports to IMW for aggregation).

MediaGuide – Oversee rights registry database and serve as rights-holders liaison. (I.E., Demonstrate that the Relatable-identified files can be compared to expanded MediaGuide file database containing [a TBA label] catalog and [a TBA studio] library; help address quality issues as in phase two; provide results reports to IMW for aggregation).

AlmondNet – Manage advertising component. (I.E., Demonstrate that the test advertising for the promotional content offers can be added to expanded quantity of approved consumer-entered content and applied to the one-hundred [100] new consumer-entered [a TBA label] music tracks and ten [10] new consumer-entered [a TBA studio] movies that are quality-corrected and repackaged by MediaGuide, Digital Containers, and IMW; provide results reports to IMW for aggregation).

Clickshare Service – Oversee payment services and provide affinity programs. (I.E., Demonstrate that the multiple payment processing and retail network capabilities can be extended to approved consumer-entered content for the additional [a TBA label] and [a TBA studio] content; provide results reports to IMW for aggregation).

Peppercoin – Provide subscription tracking services. (I.E., Demonstrate that pro-rata payments for the subscription music and movie offers to be allocated to [a TBA label] and [a TBA studio] properties can be applied to approved consumer-entered content including the new music and movie subscriptions; provide results reports to IMW for aggregation).

P2P Cash – Provide decentralized P2P payment technology and issue consumer "token dollars." (I.E., Demonstrate technology for sales of tracks and movies using Intelligent Cash Units [ICUs] and provide beta testers each with a new 100 "dollars" of tokens to use to "subscribe" to packages and "purchase" a la carte tracks and movies; provide results reports to IMW for aggregation).

Phase 4

- **Objective:**
    - All Transactions

- **Implementation:**
    - Months 9-10
    - Unprotected Files of All Content Entered Into P2P Distribution Are Bar-Coded for ID
    - $100 "Dollars" for 1,000 Beta-Testers
    - 1,500 New Users With Real Money
    - Virtual ATM Prepaid Card Disk
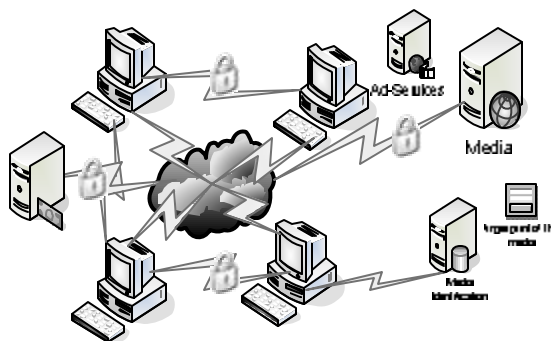
Phase 4 – Months 9-10
All Consumer Transactions

Objective: Demonstrate that unprotected files of all content entered into P2P distribution by consumers can be bar-coded and either matched to a rights-holder registry and made to perform per rights-holder rules (certain [a TBA label] & [a TBA studio] test content) or have a copy retained for later identification. Begin to examine buying patterns among consumers using real money for purchases to prepare for scaling this to a large user base.

Additional consumer-entered [a TBA label] tracks to 100 cap and all other music files to 250 cap.
Additional consumer-entered [a TBA studio] movies to 10 cap and all other video files to 25 cap.
Test software open to any content in shared folders (only above defined content affected).
2,500 users (1,000 original participants are given another 100 "dollars" in P2P tokens; 1,500 new users will use real money).

Shared Media Licensing – Serve as P2PRE point-of-contact in relationships with [a TBA label] and [a TBA studio]. (I.E., Extend agreements with [a TBA label] and [a TBA studio] to cover fourth-phase proof-of-concept testing for 700 total [a TBA label] music tracks and 70 total [a TBA studio] movie titles entered into distribution by consumers and commence actual payments to rights-holders).

eDonkey – Continue to provide beta P2P software and expand user base. (I.E., continue beta software program to permit sharing of all content entered by consumers for testing in this phase; working with Feldman Research Lab, add 1,500 new beta testers, ensuring that they are a representative sample – communicate that new users will pay for subscriptions and a la carte titles with real money).

INTENT MediaWorks – Receive any new [a TBA label] and [a TBA studio] refresher content for processing, oversee method for creating the three versions of other [a TBA label] and [a TBA studio] titles for phase-four testing, and provide reports. (I.E., Prepare test versions of any refreshed music and/or video files and other approved consumer-entered [a TBA label] and [a TBA studio] content: 1) promotional, 2) opt-in subscription, 3) a la carte sale; add two more subscription offerings for newly entered [a TBA label] and [a TBA studio] content in this phase).

Digital Containers – Continue to add DRM to consumer-seeded [a TBA label] and [a TBA studio] content (I.E., either replace files when quality requires it or intercept and remotely add DRM prior to download by testers who have searched for a given title; team with Clickshare and the other payment processing companies to introduce a solution for parents to be able to manage their children's spending by means of a prepaid virtual ATM card disk).

Relatable – Conduct field acoustic fingerprinting and manage content database. (I.E., Demonstrate that all files up to agreed upon test cap [250 music and 25 video files] can be identified as they are being uploaded among beta testers; tag unknown non-[a TBA label] and non-[a TBA studio] consumer-entered content files and files of questionable quality; provide results reports to IMW for aggregation).

MediaGuide – Oversee rights registry database and serve as rights-holders liaison. (I.E., Demonstrate that the Relatable-identified files can be compared to expanded MediaGuide file database containing [a TBA label] catalog and [a TBA studio] library and that a folder of the other consumer-entered unknown files can be established and maintained; provide results reports to IMW for aggregation).

AlmondNet – Manage advertising component. (I.E., Demonstrate that the test advertising for the promotional content offers can be added to expanded quantity of approved consumer-entered content; provide results reports to IMW for aggregation).

Clickshare Service – Oversee payment services and provide affinity programs. (I.E., Demonstrate that the multiple payment processing and retail network capabilities can be extended to approved consumer-entered content for the additional [a TBA label] and [a TBA studio] content; implement with Digital Containers the prepayment solution and begin processing actual payments for the 1,500 new users who will be paying with real money; provide results reports to IMW for aggregation).

Peppercoin – Provide subscription payment services. (I.E., Demonstrate that the pro-rata payments for subscription music and movie offers to be allocated to [a TBA label] and [a TBA studio] properties can be applied to approved consumer-entered content including the new music and movie subscriptions and with the 1,500 new users actually paying; provide results reports to IMW for aggregation).

P2P Cash – Provide decentralized P2P payment technology and issue consumer "token dollars." (I.E., Demonstrate technology for sales of tracks and movies using Intelligent Cash Units [ICUs] and provide 1,000 beta testers each with 100 "dollars" of tokens to use to "subscribe" to packages and "purchase" a la carte tracks and movies; 1,500 new users will be prepaying with real money for their tokens; provide results reports to IMW for aggregation).

Phase 5

- **Objective:**
  - Full P2P Program

- **Implementation:**
  - Months 11-12
  - Open Test to All 2.2+ Million eDonkey Users
  - Demonstrate Scalability
  - Affinity Marketing Program
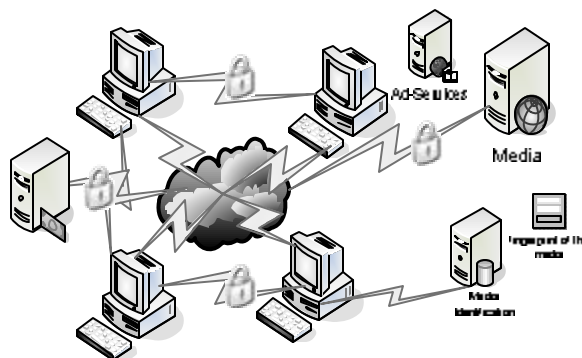
Phase 5 – Months 11-12
Full P2P File-Sharing Application

Objective: Demonstrate that the P2PRE is scalable to work in a large open P2P software environment and obtain consumer behavioral data.

500 Label-seeded and 200 consumer-seeded [a TBA label] tracks.
50 Studio-seeded and 20 consumer-seeded [a TBA studio] movies.
eDonkey software program.
2.2 million+ average users (using real money for subscriptions and a la carte purchases).

Shared Media Licensing – Serve as P2PRE point-of-contact in relationships with [a TBA label] and [a TBA studio]. (I.E., Extend agreements with [a TBA label] and [a TBA studio] to cover fifth-phase market-trial testing for 700 [a TBA label] music tracks and 70 [a TBA studio] movie titles as entered into distribution by rights holders and consumers).

eDonkey – Convert from beta P2P software to eDonkey. (I.E., open beta software program users to connect to eDonkey users to permit sharing among all users – note that all users will pay for subscriptions and a la carte titles with real money in this phase).

INTENT MediaWorks – Receive any new [a TBA label] and [a TBA studio] refresher content for processing, oversee method for creating the three versions of other [a TBA label] and [a TBA studio] titles for phase-five testing, and provide reports. (I.E., Prepare three versions of any refreshed music and/or video files and other approved consumer-entered [a TBA label] and [a TBA studio] content: 1) promotional, 2) opt-in subscription, 3) a la carte sale).

Digital Containers – Continue to add DRM to consumer-seeded [a TBA label] and [a TBA studio] content (I.E., either replace files when quality requires it or intercept and remotely add DRM prior to download by testers who have searched for a given title; partner with the payment processing companies on prepaid disks).

Relatable – Conduct acoustic fingerprinting and manage field content database. (I.E., Demonstrate that all agreed-upon [a TBA label] and [a TBA studio] content files can be identified as they are being uploaded among eDonkey universe; tag files of questionable quality; provide results reports to IMW for aggregation).

MediaGuide – Oversee rights registry database and serve as rights-holders liaison. (I.E., Demonstrate that the Relatable-identified files can be compared to MediaGuide file database containing [a TBA label] and [a TBA studio] catalogs and scaled to full eDonkey user-base; address files of questionable quality; provide results reports to IMW for aggregation).

AlmondNet – Manage advertising component. (I.E., Demonstrate that the test advertising for the promotional content offers can be added to expanded quantity of approved consumer-entered content and scaled to full eDonkey user-base; provide results reports to IMW for aggregation).

Clickshare Service – Oversee payment services and provide affinity programs. (I.E., Demonstrate that the multiple payment processing and retail network capabilities can be scaled to the entire eDonkey user-base; introduce an affinity partner, such as Coke or other advertiser AlmondNet involves, to demonstrate extending the value of consumer relationships beyond immediate content transactions; provide results reports to IMW for aggregation).

Peppercoin – Provide subscription tracking services. (I.E., Demonstrate that the pro-rata payments for the fourteen [14] total subscription music and movie offers to be allocated to [a TBA label] and [a TBA studio] properties can be applied to approved consumer-entered content and scaled to the entire eDonkey user-base with all users actually paying; provide results reports to IMW for aggregation).

P2P Cash – Provide decentralized P2P payment technology. (I.E., Demonstrate technology for sales of tracks and movies using Intelligent Cash Units [ICUs] and real money for payments is scalable to entire eDonkey 2.2+ million user-base; provide results reports to IMW for aggregation).

Phase 6

- **Objective:**
    - Commercial Adoption

- **Implementation:**

    - -- Months 13-18
    - Major Movie Studios and Music Labels
    - Leading P2P Software Providers
    - Consumer Implementation
    - Broad Scale
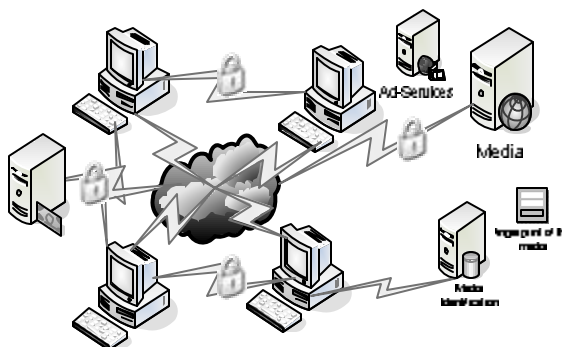
Phase 6 – Months 13-18
Commercial Deployment

Objective: Deploy P2PRE commercially in the marketplace for adoption by major music labels and movie studios and leading P2P software suppliers.

[a TBA label], and other major music label tracks.
[a TBA studio], and other major studio movies.
eDonkey, Kazaa, Grokster, RazorPop, iMesh, BitTorrent, Ares Galaxy, WinMX, LimeWire, BearShare, Blubster, Morpheus software programs.
10 million average users, 80 million cume users.

Shared Media Licensing – Serve as P2PRE point-of-contact in relationships with major content suppliers. (I.E., Introduce new agreement developed under MediaGuide's leadership with actual terms-and-conditions for commercial rollout).

eDonkey – Lead P2P software suppliers in affiliating.

INTENT MediaWorks – Receive new major content provider files for processing and packaging, and provide reports.

Digital Containers – Oversee DRM process working with Weed and other technologies.

Relatable – Conduct acoustic fingerprinting and manage field content database.

**MediaGuide** – Oversee rights registry database and serve as rights-holders liaison.

AlmondNet – Work closely with IMW to manage advertising component.

Clickshare Service – Oversee payment services and provide affinity programs.

Peppercoin – Provide subscription tracking services of content usage for payment allocations.

P2P Cash – Provide decentralized P2P payment technology and ICU methodology to facilitate low-cost multiple transactions.

Operational Overview
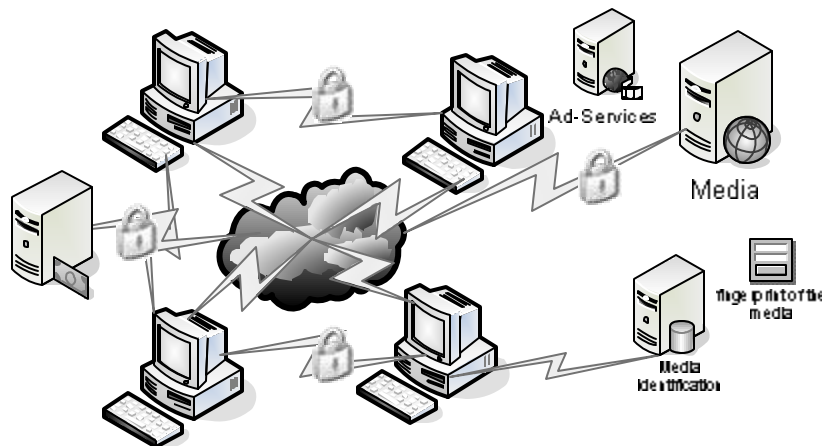
Notes

The two (2) month duration of phases one through five (1-5) represents optimal timing. It is understood that completion of each phase to the reasonable satisfaction of all participants will be the pre-requisite for moving to the next phase.

The DCIA's role as facilitator is envisioned as coming to an end at the completion of phase five (5) at which point participating companies are expected to privately negotiate licensing, affiliation, and service agreements as required to commercial deploy the contemplated services and related consumer offerings.

P2PRE participating companies believe that retail pricing in the P2P distribution channel at commercial deployment should be approximately fifty percent (50%) of primary competing offline retail channels. Wholesale unit costs paid to content rights holders, however, taking into account reasonable volume discounts, can be comparable to music CD and movie DVD sales. The differences in retail pricing primarily reflect the much greater efficiencies of P2P and the consumers' contributions to this channel that displace infrastructure costs.

The P2PRE project has been in development for the better part of a year, and some of the companies have been working on their parts for three (3) years or more. It represents an extraordinary collaboration among these participating firms resulting in a very robust solution for P2P. We believe it's time to commence the rollout of P2PRE. We'd like [a TBA studio] an [a TBA label] to authorize working with the P2PRE team, and provide test content to begin phase-one testing by Fall 2004.
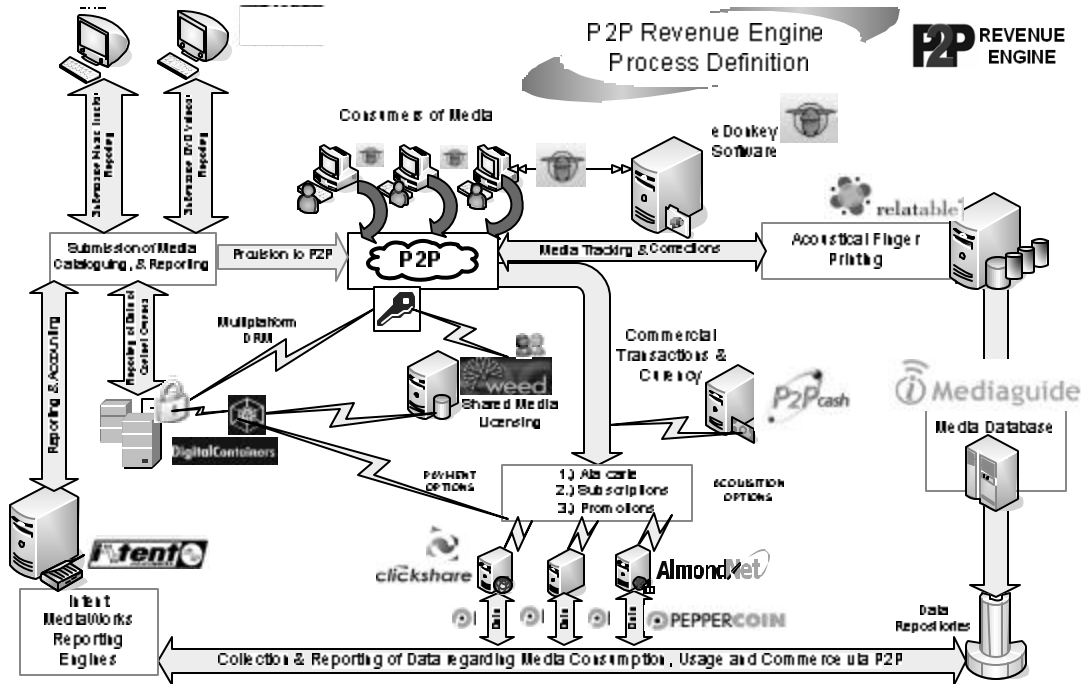

DISCLAIMER
The foregoing narrative is intended for discussion purposes only. Neither the DCIA nor any of the participating companies warrant or represent that the prospective undertakings described in this proposal can be implemented on a practical basis. Without further discussion, exploration, and development, the subject matter of this document should be considered to be only theoretical in nature. Nothing is intended to imply that any product, service, or software program, including but not limited to any component, element, or feature thereof, referenced in this writing, is suitable for implementing the concepts outlined herein. This material is proprietary and confidential and may not be reproduced or distributed by its recipients without prior written permission from the DCIA.

P2P REVENUE ENGINE

The Weed System
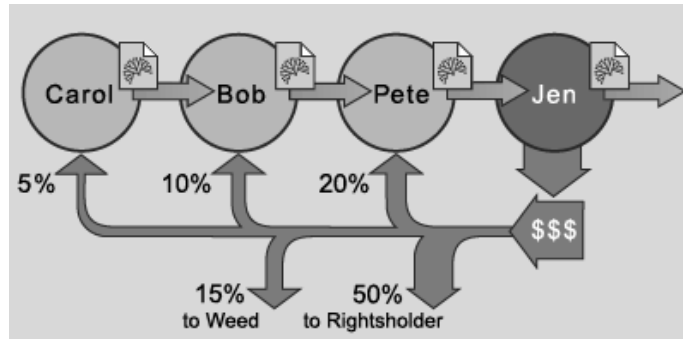
- **Weed pays people to buy files and share with others who buy**
- **Diagram shows revenue distribution from Jen's purchase**
- **Rights holder earns 50% of all transactions**
- **Based on Windows Media, plays on Real, WinAmp, WMP**
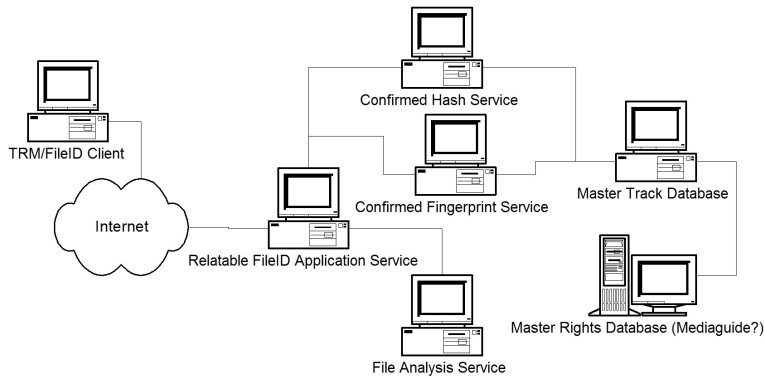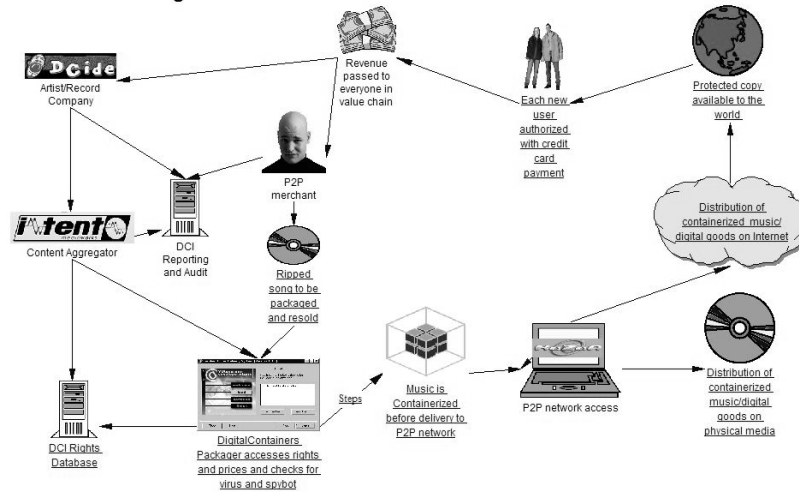- **System works for music, music videos, and movies**

P2P REVENUE ENGINE

P2P REVENUE ENGINE
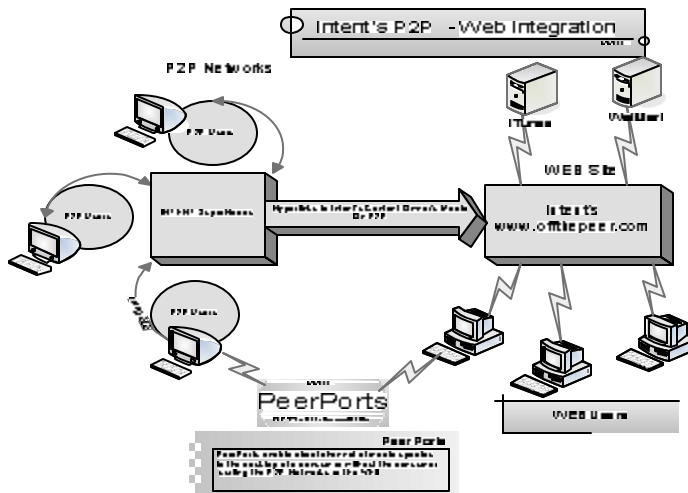
i⋀tent mediaworks

INTENT MediaWorks Content Submission & Distribution Process

P2P REVENUE ENGINE

i⋀tent mediaworks

P2P REVENUE ENGINE

Digital Containers
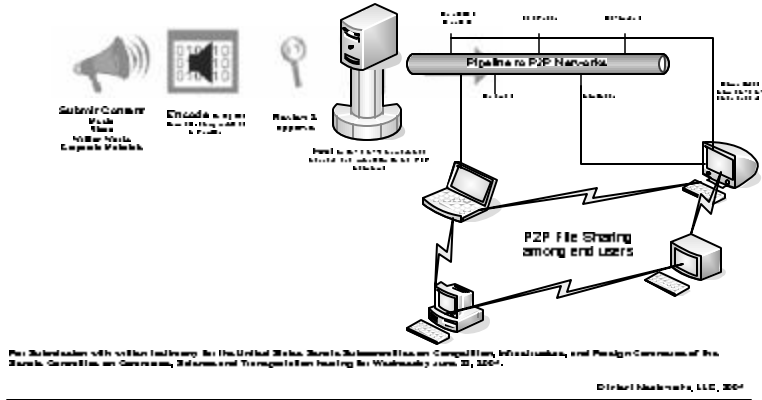
DigitalContainers

Monetizing P2P

Revenue passed to everyone in value chain

Each new user authorized with credit card payment

Protected copy available to the world

DCide — Artist/Record Company

P2P merchant

Distribution of containerized music/ digital goods on Internet

i∙tent — Content Aggregator

DCI Reporting and Audit

Ripped song to be packaged and resold

Music is Containerized before delivery to P2P network

P2P network access

Distribution of containerized music/digital goods on physical media

DCI Rights Database

DigitalContainers Packager accesses rights and prices and checks for virus and spybot

Steps

P2P REVENUE ENGINE

relatable

TRM/FileID Client

Internet

Confirmed Hash Service

Confirmed Fingerprint Service

Master Track Database

Relatable FileID Application Service

Master Rights Database (Mediaguide?)

File Analysis Service

P2P REVENUE ENGINE — Mediaguide

1) Content Registration
Record labels, rights organizations, advertisers and others with the need to know where, when and how often their content is used, send Mediaguide a copy of the song, ad or programming they want monitored.
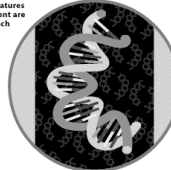
2) Sampling
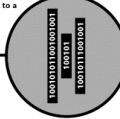Each piece of content is digitized and parceled into hundreds of short audio segments.

3) Feature Extraction
A set of unique features of the audio content are extracted from each segment.

5) Storage
A full set of fingerprints for each piece of content is created and stored in a central database with fingerprints of millions of registered works.
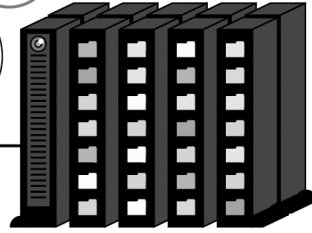
4) Fingerprinting
Using a special algorithm, the identifying features are mapped to a set codes, that is small, yet that preserves the important characteristics needed to make a unique identification of the content segment-in much the same way that a fingerprint is to a human.
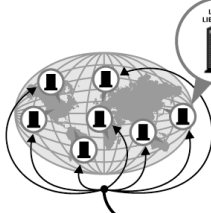
Track 6
3:12-3:14
Music Records / 1986

6) Uploading Fingerprints
Fingerprints are uploaded to monitors around the world for comparison against thousands of broadcasts.
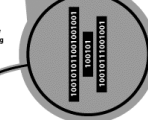
LOCAL LIBRARIES

P2P REVENUE ENGINE — Mediaguide

1. Monitoring
Using a vast network of remote workstations, Mediaguide monitors signals from thousands of local radio and television stations—24x7.
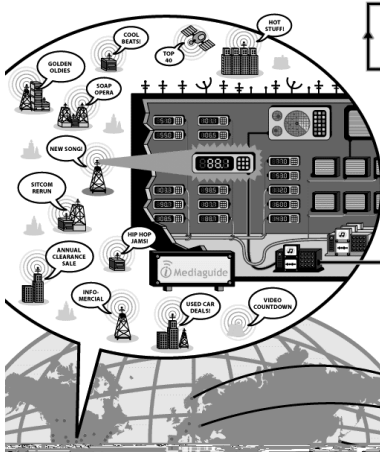
2. Feature Identification
As a piece of music, programming or advertising airs, Mediaguide's technology goes to work — segmenting and analyzing the unknown audio.

3. Local Library Search
Highly-efficient archive searches attempt to match unknown audio to the millions of fingerprints that reside in its memory — segment by segment, feature by feature.

4. Matching
Combined feature analyses provide a final identification profile that uniquely identifies audio segments—quickly, accurately and definitively.
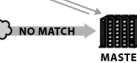
5. Logging & Reporting
The system logs the exact time, date, and station for that play.

LOCAL LIBRARY

MONITOR MATCH

88.1   3:36 PM CST

NO MATCH

MASTER LIBRARY

COOL BEATS!   HOT STUFF!   TOP 40   GOLDEN OLDIES   SOAP OPERA   NEW SONG!   SITCOM RERUN   HIP HOP JAMS!   ANNUAL CLEARANCE SALE   INFO-MERCIAL   USED CAR DEALS!   VIDEO COUNTDOWN

NEW SONG
3:36 PM CST
USED CAR AD
4:02 PM CST
PSA
4:14 PM CST
OLD SONG
4:45 PM CST

CHRONOLOGICAL PLAYLISTS

8 Dec 2003 / 29

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Targeted messages delivered on media & outside of media

AlmondNet

When the visitor views an ad, a cookie is dropped & his behavioral information is noted for usage in future e-mail (if registered) & banner/messaging campaigns within & outside usairways.com.

Media Consumer

Visitor

Universal Profile Bank

AlmondNet Pro-Market
Profile Matching Engine

P2P REVENUE ENGINE
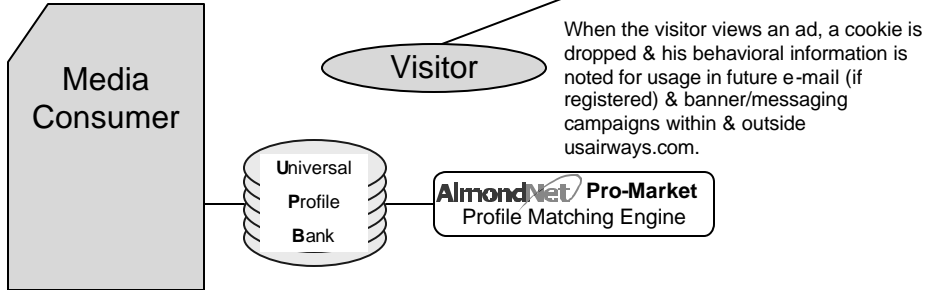
clickshare

Clickshare Service Providers:
A Network of Many Independent Payment Providers

• Customers register once with a trusted provider **of their choice**

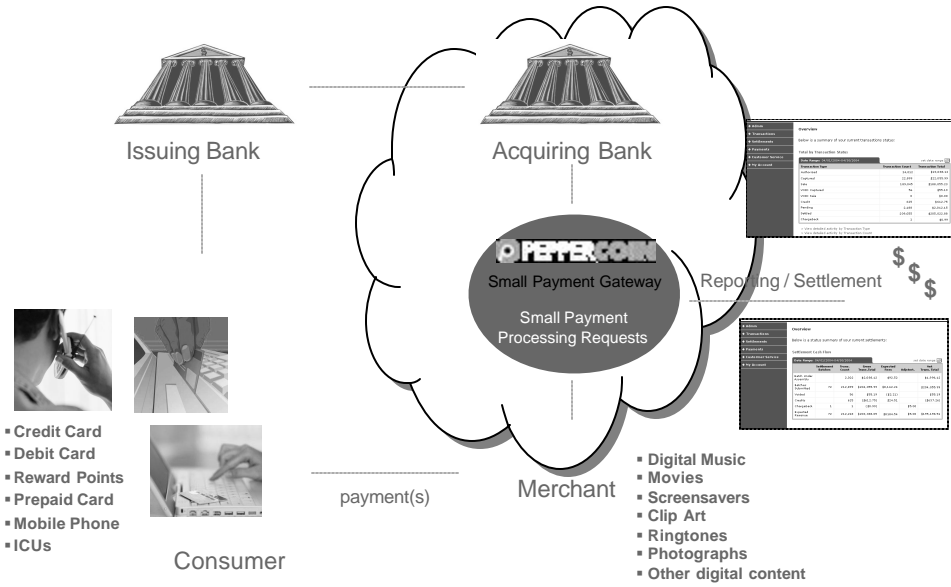• Easily & Securely purchase from multiple vendors

• Only provider sees credit card data

• Aggregates purchases on a single bill

• Vendors can get trusted demo-graphics from providers

• Subscriptions, per-item, packages, trials, gifts, etc.

1. Customer authorizes a purchase
2. Digital Container logs the purchase with Clickshare
3. Customers pay their chosen provider
4. Clickshare distributes funds to vendors, etc.

P2P REVENUE ENGINE

PEPPERCOIN

Issuing Bank

Acquiring Bank

PEPPERCOIN

Small Payment Gateway

Small Payment Processing Requests

Reporting / Settlement

$ $ $

- Credit Card
- Debit Card
- Reward Points
- Prepaid Card
- Mobile Phone
- ICUs

Consumer

payment(s)

Merchant

- Digital Music
- Movies
- Screensavers
- Clip Art
- Ringtones
- Photographs
- Other digital content

P2P REVENUE ENGINE

Intelligent Cash Unit-(ICU) Use <u>in P2P Revenue Engine</u>

| I C U | **Clickshare**
Process Cash into ICUs | $ | I C U | **Weedshare**
eWallet/Superdistribution
Embeds ICUs into WS system |

$

| **Digital Cont.**
ICU unWraps Content | I C U |

| I C U | = ICU Interface |