

Kimberly Paternoster <kim@seafaring.com>

January 6, 2012 2:00 PM

To: dj@seafaring.com

WHAT I DIDN'T SAY...Online Streaming TV Discussion

I think we should consider buying this guy... I think we can get him on the cheap essentially taking all of his partnerships. I think he's good at setting up the partnerships probably, though his ideas on how to make money aren't very good... he's not a very good businessman. But, he does have a small infrastructure we could build on top of. When I asked him how much it's cost to develop at this point, he brought up the fact that he'd been a freelancer and had been making money before. I think at \$1500/mo, the business wouldn't cost too much (but I'm no business evaluator).

Another option is that he does appear to be willing to work with us on revenue sharing and allowing us to stream his videos.

Just keep it in the back of your mind...

kim

From: Kimberly Paternoster [mailto:kim@seafaring.com]

Sent: Friday, January 06, 2012 1:56 PM

To: dj@seafaring.com

Cc: darren@seafaring.com; kim@seafaring.com

Subject: Online Streaming TV Discussion

Hi DJ,

Darren and I had a conversation with the owner (Tory Salvia) of thesailingchannel.tv right before you guys left for Cancun, and I wanted to make sure I detailed the discussion in writing for when we move forward to streaming TV. We probably need to talk about how we can work with him, if at all, further down the line, especially considering he's 7+ years further ahead on this.

This is going to be very stream-of-conscious probably, but this is a pre-cursor email to the ultimate specification that need to be written for this project as well. DARREN – please fill in any gaps I may have missed.

Currently his model is slightly different than what I envisioned for us. He sells full shows for people to download to their hard drives and watch. We sell our shows on his site, but I don't think they do very well on there. Downloads are the main revenue model, and they range from \$4.99 to \$12.99). He does have a wide variety of shows, all sailing related. The site needs some serious design help, and he's not taking full advantage of the advertising potential.

My thoughts for our model would be almost exactly like Hulu – membership based (\$7.99/mo) for a huge variety of shows and a few ads, or free for a ton of ads and not very many shows. You hook people with the free version, they want to join (i.e. I'm a member of Hulu). I would like to see sailing, diving, adventure, travel, drinking, documentary, learning, etc... kind of shows, all unlimited streaming (NO DOWNLOADS).

Bullet points of our conversation:

- He has been around 7 years (since 2005). His background is film & video production, and this business is his freelance business (i.e. he runs his own books and pays for his own health insurance). He was a freelancer before as a videographer and worked in public TV.
- He said the biggest hurdle with this business are the relationships with the media partners, and he definitely has quite a few of those.
- He already has his channel on LGTV Europe and on Samsung Tablets.
- His 2012 goals are to get his channel into more of the Smart TV apps (LG, Samsung, Google TV). He says that having an app on SmartTV is like having a TV channel.
- He is "making some money" (I got the sense it was maybe \$1500/month or so). He had a revenue boost of a few hundred dollars last month – no idea why.
- He uses a site called LiveRail (<http://www.liverail.com>) to do his ad placements in his video. He can do localized ads based on the IP address of the user (for example, he had an Australian-only ad running for a while).
- LimeLight Video Platform (<http://www.limelight.com>) is what he's using to stream what he offers on his site. This and the ad server work together for placement.
- He has a major presence on YouTube, so his channel on that is making him money and getting him rentals (I wrote this note, but I don't see any rentals on his site). He gets MORE VIEW ON YOUTUBE than his own site.
- He is disappointed in ad delivery, says it's not paying enough (\$5 per CPM versus \$25 per CPM – what he thinks he should be paid).
- The site is built in php/MySQL, but he uses Dreamweaver to update it. The dynamic code is strictly for the ecommerce and downloading engines. He has his downloadables on Amazon Web Services (for speed), and his site hosted somewhere else.

As I said, Darren please fill in where you can. Thanks, and this can help us keep our own online TV channel in the back of our heads.

kim