
From: Phil Spencer </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=MICROSOFT.ONMICROSOFT.COM-55760-PHIL SPENCER>
To: Tim Stuart
Sent: 7/30/2020 3:15:56 PM
Subject: RE: Project Atom Financial Materials.pptx



Can we chat for a second?

From: Tim Stuart <timstu@microsoft.com>
Sent: Thursday, July 30, 2020 8:13 AM
To: Phil Spencer <philsp@microsoft.com>
Subject: RE: Project Atom Financial Materials.pptx

They are so close in number - .96 Hours vs .97 Catalog; they are both extremely correlated and important to XGP success. Catalog quality and diversity drives hours. Hours drives subs. We believe hours is the right long term metric to evaluate and is the critical element of growing a service (Netflix sees this correlation as well), and therefore most important. We need catalog to drive hours.

If we take a narrow view, hours is the most correlated, but when you add seasonality, holidays, back to school, title launches, etc and look at it over time it loses a slight edge on R.

Don't need to go into detail on that point, just that Catalog is critical to subs and Hours is the driver of the sub base.

From: Phil Spencer <philsp@microsoft.com>
Sent: Thursday, July 30, 2020 8:07 AM
To: Tim Stuart <timstu@microsoft.com>
Subject: RE: Project Atom Financial Materials.pptx

But the highest R is gameplay hours, correct?

From: Tim Stuart <timstu@microsoft.com>
Sent: Thursday, July 30, 2020 7:48 AM
To: Phil Spencer <philsp@microsoft.com>
Subject: RE: Project Atom Financial Materials.pptx

I would present it as a step function –

1. the quality and size of the catalog is critical and highly correlated to subscriber growth. You can see that in the catalog chart, which shows day & date, high quality, 1st Party games going into Game Pass and driving new subs as a result
2. we know they are high quality and key titles, because it drives hours. People play these great games as a disproportionate level vs rest of catalog. You can see this in the hours and subs correlation.

This is why we are asking to bring in Zeni. It drives significant quality and diversity that we can launch day & date into Game Pass (why we should buy, not rent), which drives subs through hours played.

From: Phil Spencer <philsp@microsoft.com>
Sent: Thursday, July 30, 2020 7:13 AM
To: Tim Stuart <timstu@microsoft.com>
Subject: FW: Project Atom Financial Materials.pptx

We did present number of titles as being more superior, are we changing that narrative?

From: Amy Hood <amyhood@microsoft.com>
Sent: Wednesday, July 29, 2020 6:23 PM
To: Tim Stuart <timstu@microsoft.com>; Phil Spencer <philsp@microsoft.com>; Keith Dolliver (CELA) <keithd@microsoft.com>; Marc Brown (CORPDEV) <marcb@microsoft.com>; Ryan Cooper (CORPDEV) <Cooper.Ryan@microsoft.com>
Subject: RE: Project Atom Financial Materials.pptx

Phil presented it as one is superior to the other so just make sure the talking points and the graphs make it clear why there are two of them 😊

From: Tim Stuart <timstu@microsoft.com>
Sent: Wednesday, July 29, 2020 6:17 PM
To: Amy Hood <amyhood@microsoft.com>; Phil Spencer <philsp@microsoft.com>; Keith Dolliver (CELA) <keithd@microsoft.com>; Marc Brown (CORPDEV) <marcb@microsoft.com>; Ryan Cooper (CORPDEV) <Cooper.Ryan@microsoft.com>
Subject: RE: Project Atom Financial Materials.pptx

Amy -

Catalog Size R - when we added the data through May the R dropped from .974 to .970. I kept the view at .97 given the minimal rounding.

Hours Engaged R – the R reflected data available through May already, if we had backed it up to match the chart it would have been higher.

As to why catalog R is marginally higher than hours R, hours can tend to fluctuate more due to seasonal activity such as back to school vs summer and key title launches. Over time I anticipate this will normalize and follow similar patterns as the catalog and service continues to scale.

From: Amy Hood <amyhood@microsoft.com>
Sent: Wednesday, July 29, 2020 5:16 PM
To: Tim Stuart <timstu@microsoft.com>; Phil Spencer <philsp@microsoft.com>; Keith Dolliver (CELA) <keithd@microsoft.com>; Marc Brown (CORPDEV) <marcb@microsoft.com>; Ryan Cooper (CORPDEV) <Cooper.Ryan@microsoft.com>
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Thanks Tim – did the R stay that high when you added in the new more extreme months?

Also, as a reader, seeing the first R higher than the second R could lead to odd logic – what do you think having the first R higher than the second says?

From: Tim Stuart <timstu@microsoft.com>
Sent: Wednesday, July 29, 2020 4:37 PM
To: Amy Hood <amyhood@microsoft.com>; Phil Spencer <philsp@microsoft.com>; Keith Dolliver (CELA) <keithd@microsoft.com>; Marc Brown (CORPDEV) <marcb@microsoft.com>; Ryan Cooper (CORPDEV) <Cooper.Ryan@microsoft.com>
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Attached is the updated ZeniMax board deck, inclusive of Amy's edits and Keith's review. Of note we have revised the acceleration slide along with next steps.

Phil has also reviewed this version.

From: Amy Hood <amyhood@microsoft.com>

Sent: Wednesday, July 29, 2020 10:32 AM

To: Phil Spencer <philsp@microsoft.com>; Tim Stuart <timstu@microsoft.com>; Keith Dolliver (CELA) <keithd@microsoft.com>; Marc Brown (CORPDEV) <marcb@microsoft.com>; Ryan Cooper (CORPDEV) <Cooper.Ryan@microsoft.com>

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My edits and suggestions as you all work thru it.