

Deposition Designations of Sandra Alzetta

In re Google Play Store Antitrust Litigation, 3:20-cv-2981, N.D. Cal.
Epic Games, Inc. v. Google LLC, et al., 3:20-cv-5671, N.D. Cal.

Alzetta

DESIGNATION	SOURCE	DURATION	ID
5:15 - 5:18	Alzetta, Sandra 2022-09-29 5:15 SANDRA ALZETTA, the 5:16 Witness herein, having first been duly 5:17 sworn by the Notary Public, was examined 5:18 and testified as follows:	00:00:10	Alzetta.1
15:23 - 16:08	Alzetta, Sandra 2022-09-29 15:23 Q. Are you currently employed? 15:24 A. Yes. 15:25 Q. Where? 16:01 16:02 A. By Spotify. 16:03 Q. And what's your title? 16:04 A. I am vice president of 16:05 payments. 16:06 Q. And how long have you been 16:07 employed by Spotify? 16:08 A. Since January of 2019.	00:00:18	Alzetta.2
19:17 - 20:04	Alzetta, Sandra 2022-09-29 19:17 Q. And what is the global head of 19:18 payments at Spotify? 19:19 A. What does she do? 19:20 Q. Yes. 19:21 A. I look after managing today's 19:22 business. So making sure it's working 19:23 the way we would want to it to work, and 19:24 figuring out what we should be doing in 19:25 the future as Spotify develops, you know, 20:01 20:02 what are the payment methods that we need 20:03 to pursue, what should our strategy be 20:04 with regard to payments.	00:00:27	Alzetta.3
21:11 - 21:12	Alzetta, Sandra 2022-09-29 21:11 Q. And does Spotify have an app? 21:12 A. Spotify does have an app.	00:00:07	Alzetta.4
21:21 - 21:23	Alzetta, Sandra 2022-09-29 21:21 Q. And is Spotify's app available 21:22 on mobile devices? 21:23 A. It is.	00:00:05	Alzetta.5
27:15 - 27:17	Alzetta, Sandra 2022-09-29	00:00:04	Alzetta.6

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	27:15 Q. Did Google ever inform Spotify		Alzetta.6
	27:16 that its payment policies were being		
	27:17 updated?		
27:19 - 27:19	Alzetta, Sandra 2022-09-29	00:00:01	Alzetta.7
	27:19 A. Yes.		
27:20 - 28:17	Alzetta, Sandra 2022-09-29	00:00:54	Alzetta.8
	27:20 Q. When did Spotify become aware		
	27:21 of the planned update to Google's payment		
	27:22 policy?		
	27:23 A. In fall of 2019 Google		
	27:24 contacted us to say they were making some		
	27:25 changes. They wanted to ensure universal		
	28:01		
	28:02 usage of Google Play Billing.		
	28:03 Q. At the time Google approached		
	28:04 Spotify about the update to Google's		
	28:05 payment policies in 2020, did they		
	28:06 propose coming to an agreement with		
	28:07 Spotify?		
	28:08 A. They said that they wanted to		
	28:09 work with us. They knew that we didn't		
	28:10 like Play Billing as it was, and they		
	28:11 were interested in working with us to		
	28:12 find a way that we could be excited about		
	28:13 the use of Play Billing.		
	28:14 Q. And when did these negotiations		
	28:15 begin?		
	28:16 A. The first conversations that we		
	28:17 kicked off were December 2019.		
32:02 - 32:17	Alzetta, Sandra 2022-09-29	00:00:37	Alzetta.9
	32:02 Q. And we were discussing earlier		
	32:03 that you had been central in negotiating		
	32:04 an agreement with Google. Was that a		
	32:05 choice-in-billing agreement?		
	32:06 A. Was that a User Choice Billing		
	32:07 agreement?		
	32:08 Q. Yes.		
	32:09 A. Yes. That was the agreement		
	32:10 that we came to.		
	32:11 Q. At a high level, what did the		

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	32:12 User Choice Billing agreement provide to 32:13 Spotify? 32:14 A. It provided to Spotify the 32:15 ability for the user to choose the kind 32:16 of payment method they want. So it adds 32:17 an additional dimension to user choice.		
33:12 - 33:20	Alzetta, Sandra 2022-09-29	00:00:22	Alzetta.10
	33:12 Q. In your negotiations with 33:13 Google while at Spotify, what did your 33:14 role involve? 33:15 A. It involved working with them 33:16 to find a checkout solution that worked 33:17 for both parties and, from our 33:18 perspective and our principles and 33:19 commercial framework, that we felt gave 33:20 us the value that we were looking for.		
33:21 - 33:23	Alzetta, Sandra 2022-09-29	00:00:05	Alzetta.11
	33:21 Q. And did you lead any meetings 33:22 between Spotify and Google? 33:23 A. Yes.		
42:10 - 42:14	Alzetta, Sandra 2022-09-29	00:00:10	Alzetta.12
	42:10 Q. In terms of the User Choice 42:11 Billing agreement, did Spotify pay Google 42:12 a commission for subscription purchases 42:13 in the Spotify app downloaded from Google 42:14 Play?		
42:20 - 43:03	Alzetta, Sandra 2022-09-29	00:00:26	Alzetta.13
	42:20 A. So if a user chooses to use 42:21 Spotify for its payment method, there is 42:22 no fee paid to Google. 42:23 If the user chooses to use Play 42:24 Billing as a payment method, then we will 42:25 pay a commission to Google, which will be 43:01 43:02 an amount to cover the third-party cost 43:03 they will suffer for that transaction.		
43:24 - 44:03	Alzetta, Sandra 2022-09-29	00:00:06	Alzetta.14
	43:24 Q. And could that result in a 43:25 Spotify payment commission of below 4		

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	44:01		
	44:02 percent?		
	44:03 A. Yes.		
44:04 - 44:10	Alzetta, Sandra 2022-09-29	00:00:13	Alzetta.15
	44:04 Q. Focusing just on Google's		
	44:05 commission for subscriptions purchased		
	44:06 through the Play Store with Google Play		
	44:07 Billing, how did Spotify's agreement with		
	44:08 Google differ from the baseline		
	44:09 commissions that Google was offering to		
	44:10 other developers?		
44:13 - 44:15	Alzetta, Sandra 2022-09-29	00:00:11	Alzetta.16
	44:13 A. It's actually a different		
	44:14 contract. We're paying them -- we're		
	44:15 covering their third-party payment fees.		
45:18 - 45:25	Alzetta, Sandra 2022-09-29	00:00:21	Alzetta.17
	45:18 Q. Understanding that there are		
	45:19 other components to this agreement that		
	45:20 may change how this compares to other		
	45:21 agreements that developers have with		
	45:22 Google, do you have an understanding of		
	45:23 what the commission for those developers		
	45:24 would be just for Google's Google Play		
	45:25 Billing?		
46:04 - 46:05	Alzetta, Sandra 2022-09-29	00:00:04	Alzetta.18
	46:04 A. I am aware of Google's		
	46:05 published rates.		
46:06 - 46:10	Alzetta, Sandra 2022-09-29	00:00:10	Alzetta.19
	46:06 Q. And could you tell me what		
	46:07 those published rates were or are?		
	46:08 A. For a media entertainment		
	46:09 company it would be 10 percent, that		
	46:10 share.		
46:11 - 46:11	Alzetta, Sandra 2022-09-29	00:00:01	Alzetta.20
	46:11 MR. ALTEBRANDO: I am now		
46:12 - 46:12	Alzetta, Sandra 2022-09-29	00:00:01	Alzetta.21
	46:12 marking Exhibit 1532		
46:19 - 47:04	Alzetta, Sandra 2022-09-29	00:00:28	Alzetta.22

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DESIGNATION	SOURCE	DURATION	ID
	46:19 Q. And this document is titled		Alzetta.22
	46:20 "Spotify-Google Play Better Together		
	46:21 Program Partnership ('Program') addendum		
	46:22 to the Google Play Developer Distribution		
	46:23 Agreement," and it has an effective date		
	46:24 of June 10th, 2022.		
	46:25 Let me know when you have that		
	47:01		
	47:02 open.		
	47:03 A. I have it open.		
	47:04 Q. Do you recognize this document?		
47:05 - 47:10	Alzetta, Sandra 2022-09-29	00:00:21	Alzetta.23
	47:05 A. I do.		
	47:06 Q. What is it?		
	47:07 A. It's the contract that Google		
	47:08 and Spotify signed in, yeah, the 10th of		
	47:09 June 2022 with regard to our agreement on		
	47:10 User Choice Billing.		
49:23 - 50:22	Alzetta, Sandra 2022-09-29	00:00:50	Alzetta.24
	49:23 Q. If we go down to program		
	49:24 overview, there is a subject 2.1 (c); do		
	49:25 you see that?		
	50:01		
	50:02 A. I do.		
	50:03 Q. And this says, "Spotify		
	50:04 continues to advocate for platform		
	50:05 fairness and expanded payment options,		
	50:06 among other things, because fair and open		
	50:07 platforms enable better consumer		
	50:08 experiences and allow developers to grow		
	50:09 and thrive including via the program with		
	50:10 Google Play."		
	50:11 Did I read that correctly?		
	50:12 A. Yes.		
	50:13 Q. And this a fair statement?		
	50:14 A. Yes.		
	50:15 Q. How does Spotify advocate for		
	50:16 platform fairness and expanded payment		
	50:17 options?		
	50:18 A. How do we do it? It's		

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	50:19 something we believe passionately. We		
	50:20 talk about it. We've formed a coalition		
	50:21 with other app developers and we continue		
	50:22 to pursue this.		
50:25 - 51:08	Alzetta, Sandra 2022-09-29	00:00:13	Alzetta.25
	50:25 Q. And what is the name of the		
	51:01		
	51:02 coalition that you are a part of?		
	51:03 A. It's the Coalition for App		
	51:04 Fairness.		
	51:05 Q. And what is Spotify's role in		
	51:06 that coalition?		
	51:07 A. We're one of the founding		
	51:08 members.		
51:09 - 51:12	Alzetta, Sandra 2022-09-29	00:00:07	Alzetta.26
	51:09 Q. So just going back to the		
	51:10 section we had just looked at, how do		
	51:11 fair and open platforms enable a better		
	51:12 consumer experience?		
51:15 - 52:08	Alzetta, Sandra 2022-09-29	00:00:51	Alzetta.27
	51:15 A. Giving consumers choice is		
	51:16 important to us. If you give consumers		
	51:17 choice, from our perspective, it expands		
	51:18 an accessible market. It means that if		
	51:19 we have choice to consumers so they can		
	51:20 choose the payment method of their		
	51:21 preference, then that's going to result		
	51:22 in increased conversion, we know that.		
	51:23 It also includes -- it also helps us with		
	51:24 inclusivity, if we are giving choice. So		
	51:25 that matters a lot to us.		
	52:01		
	52:02 We also want to make sure that		
	52:03 when we're paying for the service, we're		
	52:04 paying a fair and reasonable price for		
	52:05 that service and it's, you know, an		
	52:06 appropriate value exchange. That matters		
	52:07 to us and I would say matters to our		
	52:08 users as well.		

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70:05 - 70:08	Alzetta, Sandra 2022-09-29 70:05 Q. Going back up to the page 70:06 ending in 117, two pages up, you see 70:07 Section 2.2, Program Components; do you 70:08 see that?	00:00:14	Alzetta.28
70:24 - 71:13	Alzetta, Sandra 2022-09-29 70:24 Q. And this says, "Program Fees 70:25 For Providing Google Play's Billing 71:01 71:02 System Services. Because of the 71:03 distinguished partnership structure and 71:04 value exchanges under Sections 2.2 (a) 71:05 and 2.2 (b) above, the parties agree to a 71:06 new fee structure as defined in Section 3 71:07 (Program Fees). The Program Fees are 71:08 payable on account of Google Play's 71:09 billing system services being provided by 71:10 Google to developer for enabling its 71:11 users to pay for the purchases of 71:12 relevant products." 71:13 Is this a true statement?	00:00:28	Alzetta.29
71:15 - 71:15	Alzetta, Sandra 2022-09-29 71:15 A. Yes.	00:00:02	Alzetta.30
71:18 - 72:01	Alzetta, Sandra 2022-09-29 71:18 It says here that "Program fees 71:19 are payable on account of Google Play's 71:20 billing system services." 71:21 Do you see that? 71:22 A. I do. 71:23 Q. Does the agreement say Spotify 71:24 pays Google program fees on account of 71:25 Google Play distribution, generally? 72:01	00:00:16	Alzetta.31
72:03 - 72:11	Alzetta, Sandra 2022-09-29 72:03 A. No. What it says is that 72:04 program fees are payable on account of 72:05 Google Play's billing system services 72:06 being provided by Google to developer for 72:07 enabling its user to pay for the purchase	00:00:21	Alzetta.32

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	72:08 of relevant products.		
	72:09 Q. And are there any fees		
	72:10 associated with Google Play distribution,		
	72:11 generally?		
72:13 - 72:21	Alzetta, Sandra 2022-09-29	00:00:26	Alzetta.33
	72:13 A. No. So the overall deal takes		
	72:14 into account a number of items. It takes		
	72:15 into account the checkout. And that's		
	72:16 where we pay no fees for a Spotify		
	72:17 processed transaction. We do pay fees		
	72:18 for a Google processed transaction. It		
	72:19 comprises also some commitments with		
	72:20 regard to product. And there is also a		
	72:21 marketing success fund.		
81:17 - 81:18	Alzetta, Sandra 2022-09-29	00:00:06	Alzetta.34
	81:17 Q. Okay. And if we can jump down		
	81:18 to the page ending in Bates 137, Exhibit C.		
81:19 - 81:20	Alzetta, Sandra 2022-09-29	00:00:04	Alzetta.35
	81:19 And this is an exhibit titled "User		
	81:20 Choice Billing Screen Specifications."		
82:03 - 84:24	Alzetta, Sandra 2022-09-29	00:02:47	Alzetta.36
	82:03 Q. And under Choice Screen it		
	82:04 says, "This program between developer and		
	82:05 Google is intended to advance the overall		
	82:06 Play/Android ecosystem while ensuring		
	82:07 users have a trusted, seamless		
	82:08 experience."		
	82:09 Do you see that?		
	82:10 A. I do.		
	82:11 Q. Is this a true statement?		
	82:12 A. Yes.		
	82:13 Q. And then the second sentence		
	82:14 says, "It recognizes that the ecosystem		
	82:15 is diverse with many different types of		
	82:16 business models, industry focuses and		
	82:17 global scale of developers; one size does		
	82:18 not fit all and that in collaboration		
	82:19 with our partners, we can		
	82:20 innovate-defining and offering features		

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82:21	that are tailored to more sophisticated		
82:22	developers who have different		
82:23	capabilities and needs than Play's		
82:24	broader developer community and who are		
82:25	making an important contribution to		
83:01			
83:02	Play/Android ecosystem for users."		
83:03	Do you see that?		
83:04	A. I do.		
83:05	Q. In the context of these		
83:06	negotiations, what do you take this		
83:07	paragraph to mean?		
83:08	A. I would take it to mean that		
83:09	Google was looking to bring in		
83:10	consistency, recognizing that they have		
83:11	different needs from their developers.		
83:12	So offering to Spotify one single Google		
83:13	Play billing in-app ecosystem would not		
83:14	work for us. It wouldn't meet our needs		
83:15	at all.		
83:16	We're a sophisticated		
83:17	developer, today, we are in 183 markets,		
83:18	we have got 25 different payment		
83:19	partners, we handle over 40 currencies.		
83:20	We've worked incredibly hard to build our		
83:21	realtime fraud management system. We		
83:22	accept, I think, at last count it was 130		
83:23	different forms of payments. So for us,		
83:24	payments matter enormously. And we're		
83:25	simply not going to hand over our		
84:01			
84:02	payments business to one single entity.		
84:03	And that's the only, you know, exclusive		
84:04	payment method for them.		
84:05	And I think they understood		
84:06	that, because they came to us and said		
84:07	they wanted to understand better our		
84:08	issues and find something that worked for		
84:09	us.		
84:10	They also know that we are a		
84:11	sophisticated developer and we have a		

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	84:12 brand that is much loved and adds value		
	84:13 to the ecosystem. So I think it was		
	84:14 merely a recognition that that is very		
	84:15 different than a small-scale developer		
	84:16 where actually it could be incredibly		
	84:17 helpful to know that there is a billing		
	84:18 system when a user wants to buy		
	84:19 something, it's a one-stop shop and it		
	84:20 can be handled by a third party.		
	84:21 So these are incredibly		
	84:22 different needs and that would be		
	84:23 reflecting the recognition of those		
	84:24 different needs.		
85:02 - 85:09	Alzetta, Sandra 2022-09-29	00:00:15	Alzetta.37
	85:02 Are there billing features --		
	85:03 and I understand what you're saying at a		
	85:04 high level -- but are there billing		
	85:05 features that Spotify needs that are not		
	85:06 addressed by Google Play billing,		
	85:07 understanding that Spotify is a large		
	85:08 sophisticated developer with a complex		
	85:09 payment system?		
85:11 - 86:11	Alzetta, Sandra 2022-09-29	00:01:08	Alzetta.38
	85:11 A. So from our perspective, we		
	85:12 would never want to have an exclusive		
	85:13 form of payment. That just wouldn't work		
	85:14 for us. We don't like exclusive anything		
	85:15 when it comes to payments. You know, we		
	85:16 have spent a lot of time building out our		
	85:17 platform, so that we don't have		
	85:18 dependency on single processes, for		
	85:19 example. And finding ourselves in a		
	85:20 situation where we had only one form of		
	85:21 payment wouldn't be acceptable to us.		
	85:22 It's not good from a performance		
	85:23 perspective. It's not good from a crash		
	85:24 perspective. If one system is down,		
	85:25 then, you know, on a Google basis, we can		
	86:01		
	86:02 find ourselves for an incredibly		

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	86:03 important acquisition channel, unable to		
	86:04 accept payment. So, you know, the		
	86:05 concept of having an exclusive checkout		
	86:06 with one single provider doesn't work for		
	86:07 us. And also we got very clear		
	86:08 principles in terms of how we want		
	86:09 payments to work, and having Play billing		
	86:10 exclusively as our checkout would not		
	86:11 meet those requirements.		
94:16 - 94:17	Alzetta, Sandra 2022-09-29	00:00:04	Alzetta.39
	94:16 Q. And why is, why is choice		
	94:17 important for users?		
94:20 - 95:16	Alzetta, Sandra 2022-09-29	00:01:04	Alzetta.40
	94:20 A. Not everybody has a standard		
	94:21 Visa or MasterCard credit or debit card.		
	94:22 You know, it's important for users to be		
	94:23 able to choose themselves how they want		
	94:24 to pay. And oftentimes, that will		
	94:25 actually make or break a decision as to		
	95:01		
	95:02 whether they want to join Spotify or not.		
	95:03 So one is actually expanding our		
	95:04 accessible market. If we only offer a		
	95:05 limited choice of payment methods, then		
	95:06 we are excluding oftentimes, very large		
	95:07 tranches of users. Even if it's a small		
	95:08 tranche, if we think it makes sense, then		
	95:09 we will open up a payment method. From		
	95:10 our perspective, also, it means that we		
	95:11 are able to choose at times how we want		
	95:12 to bill transactions in the U.S., whether		
	95:13 it's a debit card or a PINless debit. So		
	95:14 choice matters to us. It's really		
	95:15 fundamental to how we work with our		
	95:16 users.		
97:22 - 97:24	Alzetta, Sandra 2022-09-29	00:00:05	Alzetta.41
	97:22 What were some of the reasons		
	97:23 why Spotify felt it should continue to		
	97:24 use its own billing solution?		

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98:02 - 99:02	Alzetta, Sandra 2022-09-29	00:01:08	Alzetta.42
98:02	A. Because we have invested		
98:03	significantly in our billing solution.		
98:04	We think it works very well. We think --		
98:05	we've invested hard to make sure that its		
98:06	performance is high. That's in terms of		
98:07	the organization, it's when users join		
98:08	us. It's in terms of churn, that's when		
98:09	we have existing users and they continue		
98:10	paying on a monthly basis. We worked		
98:11	very hard on our fraud, to make sure		
98:12	we're not declining good users and we're		
98:13	not letting the bad guys in. We've		
98:14	worked hard to build out a way that are		
98:15	ideal forms of payments that we think		
98:16	appeal to our users. And we worked very		
98:17	hard to get good commercial terms in		
98:18	place with our third parties, because		
98:19	those margins matter enormously. We are		
98:20	a very thin margin business. And for us,		
98:21	shaving off a few basis points matters a		
98:22	lot.		
98:23	So with that in mind we think		
98:24	we have a really robust payment system,		
98:25	and it matters to us that we are able to		
99:01			
99:02	continue offering it.		
99:10 - 100:09	Alzetta, Sandra 2022-09-29	00:01:06	Alzetta.43
99:10	Q. Did Spotify ever calculate what		
99:11	the impact would be on its business, if		
99:12	Spotify was required to only use Google		
99:13	Play billing?		
99:14	A. That wasn't an option that we		
99:15	were ever going to pursue in the		
99:16	negotiations that we were, you know,		
99:17	taking out. We looked at it in the past.		
99:18	So way back I know in 2013 when		
99:19	we were first looking at whether we		
99:20	wanted to introduce Play billing. It was		
99:21	something that the team were considering.		

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	99:22 But, you know, in the negotiations from		
	99:23 2019 to 2022, it just wasn't something		
	99:24 that we considered. Strategically, that		
	99:25 just wouldn't work for us. Play billing,		
	100:01		
	100:02 on its own, doesn't meet our key		
	100:03 principles and it's just not something		
	100:04 that we would do.		
	100:05 Q. So going back to a topic that		
	100:06 we had that's related that we were		
	100:07 discussing earlier, what is the effective		
	100:08 costs to Spotify when a user selects the		
	100:09 Spotify billing solution?		
100:11 - 100:17	Alzetta, Sandra 2022-09-29	00:00:15	Alzetta.44
	100:11 A. Do you mean what are the		
	100:12 third-party fees we pay?		
	100:13 Q. Yes.		
	100:14 A. Thank you. It obviously		
	100:15 varies. On aggregate, on a global basis,		
	100:16 it's between two-and-a-half and 3		
	100:17 percent.		
101:14 - 101:24	Alzetta, Sandra 2022-09-29	00:00:28	Alzetta.45
	101:14 Q. You mentioned that Spotify has		
	101:15 third-party costs associated with payment		
	101:16 processing.		
	101:17 Who are the payment processors		
	101:18 that Spotify relies on in the U.S.		
	101:19 primarily?		
	101:20 A. In the U.S. In the U.S., we		
	101:21 work with Adyen as a payment processor.		
	101:22 We work with J.P. Morgan Chase. We		
	101:23 worked with Braintree which is part of		
	101:24 the PayPal family.		
107:04 - 107:06	Alzetta, Sandra 2022-09-29	00:00:06	Alzetta.46
	107:04 Q. And if you were to pay Google a		
	107:05 commission of 30 percent, how would that		
	107:06 have impacted Spotify's business?		
107:12 - 107:22	Alzetta, Sandra 2022-09-29	00:00:36	Alzetta.47
	107:12 A. Spotify runs a very tight		

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	107:13 business. Our gross margin, as you can		
	107:14 see, you know, shows that very clearly.		
	107:15 We could not pay 30 percent commission.		
	107:16 It's just -- we need to run a sustainable		
	107:17 business, and that would not be possible		
	107:18 for the type of business that we have		
	107:19 doesn't allow for that.		
	107:20 Q. Did Spotify ever calculate what		
	107:21 its losses would potentially be if it was		
	107:22 charged a 30 percent commission?		
108:02 - 108:07	Alzetta, Sandra 2022-09-29	00:00:17	Alzetta.48
	108:02 A. So we are not going to pay a		
	108:03 commission of 30 percent. Our business		
	108:04 does not allow for that. It doesn't meet		
	108:05 our principles. Strategically, it's not		
	108:06 something that we're going to do. This		
	108:07 is just not going to happen.		
112:17 - 113:11	Alzetta, Sandra 2022-09-29	00:01:05	Alzetta.49
	112:17 Q. And you mentioned the phrase		
	112:18 "Spotify's key principles" several times		
	112:19 today.		
	112:20 Can you tell me a little bit		
	112:21 about what Spotify's key principles are?		
	112:22 A. Yes. The requirements that we		
	112:23 have for any payment method that we		
	112:24 worked with. So here what we were		
	112:25 looking for was the ability to		
	113:01		
	113:02 communicate directly to our users' data		
	113:03 perspective. Only wanting to share data		
	113:04 that we have to share on a necessary		
	113:05 basis and having access to data about our		
	113:06 users. The ability to decide which		
	113:07 payment methods we make available to our		
	113:08 customers. The ability to propose		
	113:09 products and pricing to our customers as		
	113:10 we wish to and on fair value. So making		
	113:11 sure that we have fair value exchange.		
123:14 - 123:14	Alzetta, Sandra 2022-09-29	00:00:02	Alzetta.50
	123:14 MR. ALTEBRANDO: I am going to introduce		

Alzetta

DESIGNATION	SOURCE	DURATION	ID
123:15 - 123:15	Alzetta, Sandra 2022-09-29 123:15 Exhibit 2062.	00:00:04	Alzetta.51
124:04 - 124:05	Alzetta, Sandra 2022-09-29 124:04 Q. Do you recognize this document? 124:05 A. I do.	00:00:04	Alzetta.52
128:18 - 129:13	Alzetta, Sandra 2022-09-29 128:18 Q. And just so the record is 128:19 clear, what was the commission that Apple 128:20 charged Spotify to use Apple's in-app 128:21 purchase payment solution? 128:22 A. It was 30 percent. 128:23 Q. And ultimately, you had 128:24 mentioned that Spotify pivoted to a 128:25 consumption-only model on the iOS 129:01 129:02 devices; is that correct? 129:03 A. We did, we did it in 2016. 129:04 Q. What does consumption-only 129:05 mean? 129:06 A. In this case, I am using it to 129:07 mean that we have an app and it's not 129:08 possible to actually make a purchase in 129:09 that app. 129:10 Q. And today is the Spotify app on 129:11 the Apple App Store offered 129:12 consumption-only? 129:13 A. It is.	00:00:48	Alzetta.53
129:14 - 129:19	Alzetta, Sandra 2022-09-29 129:14 Q. If Spotify had to pay a 129:15 commission on the Google Play Store for 129:16 subscription purchases similar to what it 129:17 would have to pay Apple on the Apple App 129:18 Store, would Spotify offer its app 129:19 consumption-only on Google Play?	00:00:12	Alzetta.54
129:22 - 130:08	Alzetta, Sandra 2022-09-29 129:22 A. We've always been clear that we 129:23 are in the margin business. We cannot 129:24 pay those kind of fees and we don't think 129:25 they are fair. And furthermore, not only	00:00:31	Alzetta.55

Alzetta

DESIGNATION	SOURCE	DURATION	ID
	130:01		
	130:02 do we object to the fees, we object to		
	130:03 the fact that it doesn't meet our		
	130:04 principles, as we discussed earlier.		
	130:05 Q. Would a consumption-only		
	130:06 Spotify app be better for Spotify users		
	130:07 or worse as compared to a version where		
	130:08 users can subscribe in-app?		
130:10 - 130:22	Alzetta, Sandra 2022-09-29	00:00:39	Alzetta.56
	130:10 A. Well, it's a difficult question		
	130:11 to answer because there is so many		
	130:12 elements to look at here. So what		
	130:13 happened with those when we accepted		
	130:14 Apple, Apple's in-app payment solution at		
	130:15 30 percent rev share on a business that's		
	130:16 got a gross margin as we've discussed		
	130:17 earlier, is -- had to increase our prices		
	130:18 to consumers. We had to increase them		
	130:19 significantly. That is not a good thing		
	130:20 for a consumer. And it doesn't give		
	130:21 consumer choice, which matters to us a		
	130:22 lot.		
134:16 - 135:05	Alzetta, Sandra 2022-09-29	00:00:32	Alzetta.57
	134:16 Just for the sake of		
	134:17 efficiency, let's leave Exhibit 2062 in		
	134:18 front of you for the moment.		
	134:19 Do you have that document in		
	134:20 front of you?		
	134:21 A. That's the one I was just		
	134:22 looking at? One second. Let me just		
	134:23 check. Yes.		
	134:24 Q. And on the left-hand column, on		
	134:25 Exhibit 2062, we see four different		
	135:01		
	135:02 companies listed here: PayPal Wallet,		
	135:03 Worldline/JPM, Braintree and Adyen.		
	135:04 Do you see that?		
	135:05 A. I do.		
135:16 - 136:04	Alzetta, Sandra 2022-09-29	00:00:44	Alzetta.58
	135:16 Are the four payment processors		

Alzetta

DESIGNATION	SOURCE	DURATION	ID
	135:17 listed on 2062 the only four payment		
	135:18 processors that Spotify uses for U.S.		
	135:19 customers today?		
	135:20 A. I believe, I believe they are.		
	135:21 Q. Do any of these payment		
	135:22 processors provide services to Spotify		
	135:23 such as app distribution?		
	135:24 A. No.		
	135:25 Q. Do any of the payment		
	136:01		
	136:02 processors listed in 2062 provide support		
	136:03 that assists Spotify with distributing		
	136:04 product updates to existing customers?		
136:08 - 136:08	Alzetta, Sandra 2022-09-29	00:00:01	Alzetta.59
	136:08 A. No.		
136:09 - 136:13	Alzetta, Sandra 2022-09-29	00:00:19	Alzetta.60
	136:09 Q. Do any of the payment		
	136:10 processors listed in Exhibit 2062 provide		
	136:11 technical or other similar support to		
	136:12 Spotify when it comes to the design or		
	136:13 distribution to their app?		
136:16 - 136:16	Alzetta, Sandra 2022-09-29	00:00:02	Alzetta.61
	136:16 A. No.		
136:17 - 136:21	Alzetta, Sandra 2022-09-29	00:00:13	Alzetta.62
	136:17 Q. Earlier you were shown what was		
	136:18 marked as Exhibit 2060, which reflected		
	136:19 that Spotify has margins somewhere just		
	136:20 below 30 percent; do you recall that?		
	136:21 A. I do.		
137:03 - 137:06	Alzetta, Sandra 2022-09-29	00:00:10	Alzetta.63
	137:03 Q. Do you know what Google's		
	137:04 typical commission is today for		
	137:05 subscription services processed through		
	137:06 Google Play Billing?		
137:08 - 137:09	Alzetta, Sandra 2022-09-29	00:00:03	Alzetta.64
	137:08 A. I do.		
	137:09 Q. And what is it?		
137:17 - 138:10	Alzetta, Sandra 2022-09-29	00:00:53	Alzetta.65

Alzetta

DESIGNATION	SOURCE	DURATION	ID
	137:17 A. I believe it's 15 percent for 137:18 developers and those who qualify, 137:19 subscription developers. Those who 137:20 qualify for the media entertainment 137:21 program, I believe it can be 10 percent. 137:22 Q. And has Google ever required 137:23 Spotify to pay a 30 percent commission? 137:24 A. We have never been forced by 137:25 Google to accept Play Billing. The first 138:01 138:02 time that we understood that this was 138:03 something that they were planning to 138:04 enforce was the conversation that kicked 138:05 off in December of 2019. 138:06 Q. And circling back for a moment 138:07 to this concept of consumption-only, do 138:08 you recall being questioned briefly about 138:09 consumption-only? 138:10 A. I do.		Alzetta.65
138:13 - 138:18	Alzetta, Sandra 2022-09-29 ██ ██ ██ ██ ██ ██	00:00:17	Alzetta.66
138:21 - 139:02	Alzetta, Sandra 2022-09-29 ██ ██ ██ ██ ██ ██ ██	00:00:12	Alzetta.67
150:18 - 150:21	Alzetta, Sandra 2022-09-29 150:18 Q. Does Spotify offer 150:19 subscriptions to users through its 150:20 website today? 150:21 A. Yes.	00:00:06	Alzetta.68

Alzetta

DESIGNATION	SOURCE	DURATION	ID
150:22 - 151:03	Alzetta, Sandra 2022-09-29 150:22 Q. And can a user of an Android 150:23 cellular phone subscribe to Spotify on 150:24 the Spotify website and then download the 150:25 app from Google Play and use their 151:01 151:02 subscription on their Android mobile 151:03 device?	00:00:21	Alzetta.69
151:05 - 151:07	Alzetta, Sandra 2022-09-29 151:05 A. They can. But I think it is [REDACTED] [REDACTED]	00:00:06	Alzetta.70
151:08 - 151:09	Alzetta, Sandra 2022-09-29 151:08 without question the preferred form of 151:09 consumption.	00:00:05	Alzetta.71
160:22 - 161:15	Alzetta, Sandra 2022-09-29 160:22 Q. So I want to ask some questions 160:23 about the other types of use cases that 160:24 Spotify supports; does that make sense? 160:25 A. Sure. 161:01 161:02 Q. Is Spotify available on 161:03 desktops? 161:04 A. Yes. 161:05 Q. Is it available on non-Android 161:06 tablets? 161:07 A. Yes. 161:08 Q. Is it available on integrated 161:09 automotive audio devices, like car 161:10 stereos? 161:11 A. Yes. 161:12 Q. And does Spotify have 161:13 relationships with auto manufacturers to 161:14 distribute Spotify in integrated 161:15 automotive devices like car stereos?	00:00:43	Alzetta.72
161:18 - 161:18	Alzetta, Sandra 2022-09-29 161:18 A. I believe we do.	00:00:02	Alzetta.73
161:19 - 162:03	Alzetta, Sandra 2022-09-29 161:19 Q. Is Spotify available on game	00:00:20	Alzetta.74

Alzetta

DESIGNATION	SOURCE	DURATION	ID
	161:20 consoles?		
	161:21 A. Yes.		
	161:22 Q. That would be something like an		
	161:23 Xbox or PlayStation?		
	161:24 A. Yes.		
	161:25 Q. Is Spotify available on		
	162:01		
	162:02 wearable devices?		
	162:03 A. Yes.		
162:13 - 162:15	Alzetta, Sandra 2022-09-29	00:00:05	Alzetta.75
	162:13 Q. Is Spotify available on smart		
	162:14 TVs?		
	162:15 A. Yes.		
163:09 - 163:16	Alzetta, Sandra 2022-09-29	00:00:21	Alzetta.76
	163:09 My question if a user signs up		
	163:10 for a Spotify service on one of those		
	163:11 applications that we've just talked		
	163:12 about, for example, through their		
	163:13 integrated automotive device, like a car		
	163:14 stereo device, can they use that same		
	163:15 account to listen to music via the		
	163:16 Spotify app on Android?		
163:19 - 163:19	Alzetta, Sandra 2022-09-29	00:00:01	Alzetta.77
	163:19 A. Yes.		
163:20 - 163:23	Alzetta, Sandra 2022-09-29	00:00:08	Alzetta.78
	163:20 Q. And has there ever been any		
	163:21 suggestion by Google that they would		
	163:22 charge Spotify a commission in that		
	163:23 circumstance?		
163:25 - 164:02	Alzetta, Sandra 2022-09-29	00:00:06	Alzetta.79
	163:25 A. I am not aware of such -- I am		
	164:01		
	164:02 not aware of that.		
167:17 - 167:21	Alzetta, Sandra 2022-09-29	00:00:09	Alzetta.80
	167:17 Does Spotify offer both a free		
	167:18 version and a premium version?		
	167:19 A. Yes.		
	167:20 Q. And what are the significant		
	167:21 differences between the two?		

Alzetta

DESIGNATION	SOURCE	DURATION	ID
167:23 - 168:04	Alzetta, Sandra 2022-09-29 167:23 A. The key differences are the 167:24 ability for users to, you know, to enjoy 167:25 music without advertising and to shuffle, 168:01 168:02 to be able to choose the music you want 168:03 to listen to when you want to listen to 168:04 it.	00:00:17	Alzetta.81
168:05 - 168:09	Alzetta, Sandra 2022-09-29 168:05 Q. Does the user have to pay for 168:06 the premium version? 168:07 A. Yes, they do. 168:08 Q. And why does Spotify offer 168:09 those two alternatives for the product?	00:00:12	Alzetta.82
168:11 - 168:24	Alzetta, Sandra 2022-09-29 168:11 A. It gives ubiquity, so we know 168:12 that we have users that want to enjoy the 168:13 premium experience and are happy to pay a 168:14 subscription fee for that. 168:15 We also know that some people 168:16 want to enjoy Spotify and are happy with 168:17 the service that includes listening to 168:18 advertising. From our perspective, the 168:19 advertising free model is important to 168:20 us. We like both the free and premium 168:21 model, and think they work very well 168:22 together. 168:23 Q. So why is the advertising free 168:24 model important to you?	00:00:44	Alzetta.83
169:03 - 169:11	Alzetta, Sandra 2022-09-29 169:03 A. It means that we can be 169:04 inclusive, everyone can listen to 169:05 Spotify. And it also means that we have 169:06 a funnel into our premium service that we 169:07 think is a very effective way of 169:08 converting people to the premium service. 169:09 Q. And does Spotify also generate 169:10 revenue from the advertising that appears 169:11 in the free version of Spotify?	00:00:27	Alzetta.84

Alzetta

DESIGNATION	SOURCE	DURATION	ID
169:13 - 169:13	Alzetta, Sandra 2022-09-29 169:13 A. We do.	00:00:01	Alzetta.85
169:14 - 169:18	Alzetta, Sandra 2022-09-29 169:14 Q. Has Google ever suggested 169:15 that it should receive as a commission 169:16 some portion of that ad revenue that 169:17 Spotify receives from the free version of 169:18 its product?	00:00:11	Alzetta.86
169:20 - 169:23	Alzetta, Sandra 2022-09-29 169:20 A. I am not aware of that. 169:21 Q. And is the free version of the 169:22 product distributed through Google Play? 169:23 A. It is.	00:00:10	Alzetta.87
173:10 - 173:17	Alzetta, Sandra 2022-09-29 173:10 Q. Mr. Mach asked you some 173:11 questions about whether Spotify is 173:12 available on other devices such as gaming 173:13 consoles and cars; do you recall that? 173:14 A. I do. 173:15 Q. And in all the use cases 173:16 besides mobile, what percentage of 173:17 Spotify usage does that represent?	00:00:17	Alzetta.88
173:19 - 173:20	Alzetta, Sandra 2022-09-29 [REDACTED]	00:00:03	Alzetta.89
173:21 - 173:24	Alzetta, Sandra 2022-09-29 173:21 Q. From Spotify's perspective, is 173:22 distribution through, first a smart TV, a 173:23 substitute for distribution through 173:24 mobile devices?	00:00:08	Alzetta.90
174:02 - 174:04	Alzetta, Sandra 2022-09-29 174:02 A. So we know that mobile devices 174:03 are, today, by far and away the most 174:04 popular form of consumption of Spotify.	00:00:10	Alzetta.91
174:10 - 174:22	Alzetta, Sandra 2022-09-29 174:10 Q. What about on an Xbox or a 174:11 PlayStation? 174:12 A. So it's the same. So all of	00:00:37	Alzetta.92

Alzetta

DESIGNATION	SOURCE	DURATION	ID
174:13	these other forms of services are		
174:14	important to us, because users want to		
174:15	use them. They provide Ubiquity and		
174:16	Ubiquity matters very much to us. But		
174:17	still the key, the key service is the		
174:18	smart phone.		
174:19	Q. What would happen to Spotify's		
174:20	business if it were not able to reach		
174:21	mobile devices?		
174:22	A. Well, that would be a disaster.		

Designation	00:31:41
TOTAL RUN TIME	00:31:41