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## Interview with Kevin Li from Ku6



**Adrian Bye:** Today I am talking with Kevin Li who is the CEO of Ku6.com and we are in Beijing. This is the last interview that I'm making in the Chinese interview series. Ku6 and I'll let Kevin tell us how to pronounce it properly, is one of the top video sites on the internet in China. I guess the equivalent of YouTube. Is that correct?

**Kevin Li:** Yes. Yes.

**Adrian Bye:** So Kevin, tell us, we're here to learn about you so tell us who you are and take it away.

**Kevin Li:** Do you know [Sohu.com](http://www.sohu.com)

**Adrian Bye:** I know of it but people listening to us don't so maybe...

**Kevin Li:** I used to work for Sohu.com as the Senior Vice President and the Editor in Chief of Sohu.com for 5 to 6 years. I quit from Sohu 3 years ago and I founded ku6.com. Ku6 is a video sharing website. Three years ago, there are more than 200 video sites in China.

**Adrian Bye:** And now there is not so many.

**Kevin Li:** Yes, currently it is not so many and especially in the video sharing area, there is only top three video websites left. Operating model is something like YouTube and another video website at the US.

**Adrian Bye:** Reva?

**Kevin Li:** No, no, no, no. Something...I forgot the name. Hulu.

**Adrian Bye:** Hulu

**Kevin Li:** It is something...

**Adrian Bye:** Like a combination of Hulu and YouTube.

**Kevin Li:** Yes. Hulu and YouTube. YouTube is some short video like music video. And Hulu some long video, movie, TV, comics. So, our model is something like a combination between this two. Our business model is advertising. Currently, it is quite good in China and I am very satisfied about our website.

**Adrian Bye:** Tell us a little bit about you and where you came from.

**Kevin Li:** I came from

**Kevin Li:** I came from Northeast China. I am born in Northeast China. Northeast China is very famous, very famous Chinese people. Very direct, and how do you say, very energetic when they handle people. I go direct here from Tianjin, Nankai University.



**Adrian Bye:** In Beijing?

**Kevin Li:** No, in Tianjin. I majored in mathematics and I joined in Sohu year 2000.

**Adrian Bye:** As an employee.

**Kevin Li:** As employee, as HR Director.

**Adrian Bye:** HR Director?

**Kevin Li:** Yes. I used to be HR people. For almost 3 years.

**Adrian Bye:** But you studied mathematics?

**Kevin Li:** Yes, I studied mathematics and my first ten years career is HR.

**Adrian Bye:** Why?

**Kevin Li:** My first job. Yes, I just joined as HR guy so my first period of my career is HR people. I joined Sohu as HR Director. One year later I was changed from HR to Editor in Chief. So it is a big, big change.

**Adrian Bye:** How did you do this change?

**Kevin Li:** I have to say, in the year 2001, Sohu's competitor is Sina. Sina and Sohu are the Top 2 portals in China. Competition is very fierce, and Sohu is something behind of Sina. At that time, my boss let me, he thinks, I am good as HR manager. They think, I really feel is a result on management. I can manage the HR job well, also manager. Even that website.

**Adrian Bye:** I am sorry to go into this guys, I'll get on the topic. Why does a guy who studied mathematics do HR? I mean mathematics, usually, they are the guys that sit in a room and work with computers and calculators all day. And you are talking about running HR, which is the opposite. How did that happen?

**Kevin Li:** That is because he says my HR, before my mathematic study; I was very active in organizing students.

**Adrian Bye:** Okay.

**Kevin Li:** And monitor. And the heart of the student the community in my province. So, that is the reason why he hired me as the HR guy. I think I am good at employee relation. Since then, I am an employee relation officer. That is my first job.

**Adrian Bye:** And what about yourself? Married? Kids? Where do you live? Anything you want to talk about?

**Kevin Li:** Yes. I married my schoolmate and we have two kids. One daughter, another is a son. A son just born this month.

**Adrian Bye:** Congratulations. The same as Mark from Spill Games. He just had a baby born, too.

**Kevin Li:** You know, in China, if you have a daughter and if you have a son, the daughter and the son combination is hope, it means good. So, I am very happy with a daughter and a son.

**Adrian Bye:** Congratulations.

**Kevin Li:** Here, in China birth policy you normally can have only one child.

**Adrian Bye:** So now, you have another child. You have to pay extra to the government for this.

**Kevin Li:** No. My second child was born in Hong Kong. So, I do not violate that policy here.

**Adrian Bye:** Is that something people do intentionally? To not violate the policy? I guess we cannot talk about that.

**Kevin Li:** All right.

**Adrian Bye:** Okay. So did you found Ku6?

**Kevin Li:** Yes.

**Adrian Bye:** So, how did you get started? Where did the idea come from?

**Kevin Li:** While I worked in Sohu, I found that people elect to upload their music on a website. I think if people can upload music on a website, why don't we encourage them to upload video to a website. But at Sohu, it's a little difficult to make this idea to reality. So finally, I think I can make it myself and someone said something that encouraged me a lot. He said, next to file is later. Nobody will watch TV program on TV stations. That means online TV will be very, very popular. So, these words gave me a huge encouragement. So finally, I decided to quit from Sohu and fund it by myself. I pulled from my own pocket, RMB 2 million. That's in Ku6 and then hire some staff to start this project, on the outside of Beijing. A very far away place. So that's just that. I think video in China has a brilliant future. I believe it very strong. Finally, two years later this become true. Thanks to that my thought was right.

**Adrian Bye:** Actually, I just want to ask, you've never lived in the US? You haven't studied in the US? You're a hundred percent Chinese, right?

**Kevin Li:** One hundred percent Chinese. Zero US education. Tu Bie.

**Adrian Bye:** I don't know.

**Kevin Li:** In China, we call those people who study at the US and come back to China, we call them "Hai Gui"

**Adrian Bye:** Hai Gui

**Kevin Li:** That means returning from the US or something like that. In China, Hai Gui we call them. The people like me, 100% local, we call "Tu Bie". So Tu Bie and Hai Gui. For example, Tudou's founder, Gary, he's Hai Gui. He studied in France. But I am a totally pure Tu Bie, local people..

**Adrian Bye:** Local people. So that's interesting. How do you feel about these guys who study outside?

**Kevin Li:** I'd say they're useful. That's beneficial.

**Adrian Bye:** Do you wish you had studied?

**Kevin Li:** No.

**Adrian Bye:** no?

**Kevin Li:** No. I think my way, just my thought, I like my style. I think I know China better. I have more relationships here. I know China more. From government relation, pr, media relation, my friends, my circle here. I know China more. I think this is good for me to be a successful start up.

**Adrian Bye:** I have noticed in a lot of the entrepreneurs I have spoken with, a lot of them have been either people who have lived outside China, or they're foreigner. I have interviewed so many guys like you. A lot of them seem to be a mix, are there many successful internet Chinese, pure Chinese guys except for the Baidu guys, Ali Baba and Tencent? Are there a lot of guys just like you who are just Chinese with no outside experience? I'm wondering is there an advantage to having studied outside which Chinese people don't have. Do you understand my question?

**Kevin Li:** No.

**Adrian Bye:** It seems like a lot of successful internet guys have studied outside of China.

**Kevin Li:** Yes. Yes.

**Adrian Bye:** Right now, do you agree with that?

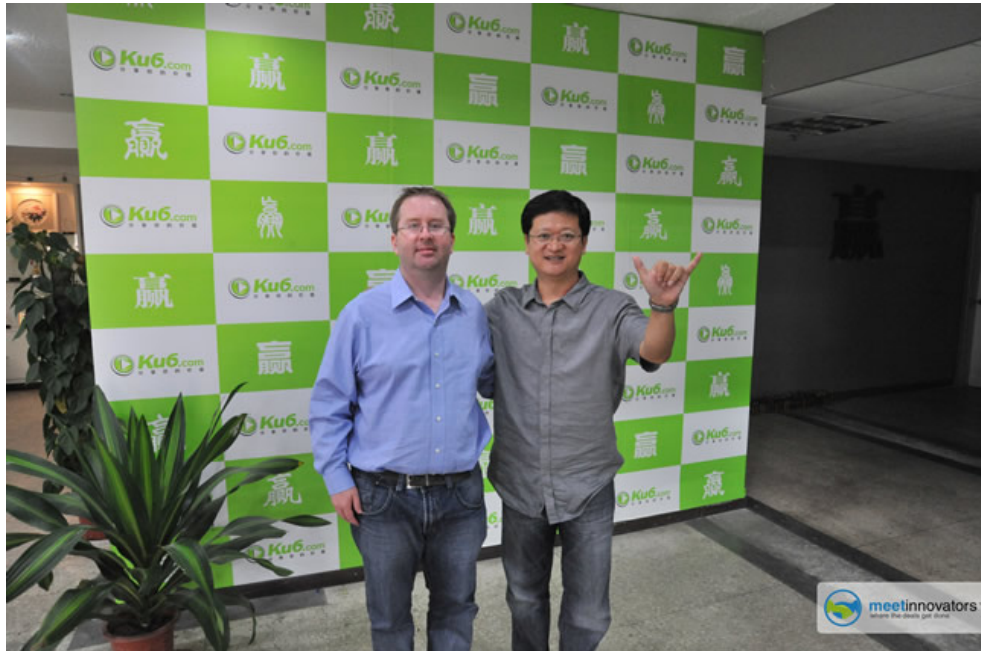
**Kevin Li:** The first generation of China internet founders, most of them came from US. But the second and the third, later and later, more local guys because we learned the internet from US. So, first generation most of them from US. Maybe second-generation half. Later on more and more local. For example, Sohu and Baidu. They came from US, but the second generation you can see QQ. You can find them all local people, and more and more, you'll find local people are more suitable to set start ups.

**Adrian Bye:** Nick told me this morning in a previous interview I did and he studied in the US for a long time. He said that it was easier before there was an information gap. He had information that local Chinese didn't,

but he said now because of the internet and everything being open, local Chinese are learning everything and they are now in equal advantage.

**Kevin Li:** Yes, I agree with that. If new US website is launched, everybody will know about that. We don't need to live, to study, and to work in the US. We can know that. More and more Chinese people are smarter and smarter. We maybe in some special area we know more than them. You can see the local Chinese internet. Why compete with similar US internet, normally, China want from Sohu Sina. They don't compete with Yahoo.

**Adrian Bye:** They compete in china.



**Kevin Li:** Yes, compete in china, 100% China want. Baidu compete with Google.

**Adrian Bye:** Same in Japan. Japan has the same story.

**Kevin Li:** I don't know. Japan Yahoo.

**Adrian Bye:** That's the only one and that was done by local Japanese partners.

**Kevin Li:** Yes, you're right. Because we know local

more. We know China more. So, that's very interesting, QQ beat MSN here. We are far ahead of YouTube. We are more and more smarter. We know China more.

**Adrian Bye:** Okay. I have a lot of things to ask you. So, you were working in Sohu and you had then an idea about uploading music and then that turned into uploading TV, after the Bill Gates quote.

**Kevin Li:** Yes, exactly.

**Adrian Bye:** So, you took some money yourself and then you just hired a team and started developing it? Then what happened?

**Kevin Li:** I started Ku6 3 years ago in early June, and then several months later, in September our website is launched. After that, I started to find venture capital. So one year later, in early 2007, I got a bunch of capital from 2 and 3 ventures.

**Adrian Bye:** Who did you raise money from?

**Kevin Li:** They are very important for me. There are two pure financial branch of creditor and one is DFJ, in the US.

**Adrian Bye:** Who did you work with at the DFJ?

**Kevin Li:** Sorry.

**Adrian Bye:** Which partner at DFJ do you work with?

**Kevin Li:** Hope Chen.

**Adrian Bye:** The same as Nick. I think Nick Yang, he worked with DFJ also and I think maybe the same guy.

**Kevin Li:** No, no, no. Hope Chen is the new China chief for DFJ. I think I'm the first project offer in China.

**Adrian Bye:** Okay.

**Kevin Li:** So, we had lunch together and I told her about my business model. A very positive business model we call UGA - User Generated Advertising. I can organize many, many people who are experts in online video creator. I recorded them when they make online video. I asked them to invite our customers, good customer advertising into their content. We call this model User Generated Advertising. The content is advertising. Advertising is content also and the share revenue mode, I share, like advertising, with those content providers.

**Adrian Bye:** So, that means I make an advertisement for Coca-Cola and how does that work?

**Kevin Li:** For example, I negotiated with Coca Cola. We have a deal. I organize to help Coca Cola to generate the video, the video is Coca Cola's advertisement. I organize people to do this for Coca Cola. An advertisement video from Coca Cola. I organize the people to do this. I share revenue with those content providers. So that we call this model as making money together.

**Adrian Bye:** But Coca Cola is very strict about controlling its brand and I don't believe that Coca Cola would want users to make advertising for them.

**Kevin Li:** No, you're wrong. You're wrong. Normally, they organize professional advertising company to help them to make their professional advertising. They found out that if they put this kind of advertising online, nobody will look at that. They found that some root grass people. If they make use of this, that's very, very popular. People will like to watch this kind of video. Coca Cola, Microsoft, Intel, all these great brand company let us organize this UGA campaign for them. Of course, they can control the content if the content.

**Adrian Bye:** So how is the advertisement selected? Does Coca Cola, can they approve them? Or can anyone make it and then runs it?

**Kevin Li:** No, we organize them and selected by Coca-Cola and observe. So only qualified video can be uploaded online, so by doing so, we can guarantee that the branding will be no violation.

**Adrian Bye:** And what kind of advertisements get made?

**Kevin Li:** Sorry.

**Adrian Bye:** What kind of advertisements are people making? Like what are some of the popular examples?

**Kevin Li:** Many kinds, for example, they take a new short film, short movie for this especially. Or they cut, they edit it from different movies and they re-edit them. We have three kinds of different UGA advertising here. Now we call this model UGA. Ku6 is very famous as UGA. We make a lot of money just because of UGA model.

**Adrian Bye:** What percentage of your revenue is from UGA?

**Kevin Li:** First year fifty percent. Second year something like forty percent something. This year twenty to thirty percent. You can see the percentage are very high. So, let's come back to DFJ, to Hope Chen. When we had lunch together. I told her about my UGA idea. She was very excited, very excited. And then, next month, she arranged several meetings for me and her boss in the US. So, within 13 days, we got \$10 million investment from DFJ.

**Adrian Bye:** So you had a party?

**Kevin Li:** yes, we had a party. Beside DFJ, we have partners on DP Capital and Baidu is our investor also.

**Adrian Bye:** Do you know Robin from Baidu? I'm sorry I forgot to ask, could you tell us how big is your site now? How much traffic, page views all that stuff, can you talk about revenues?

**Kevin Li:** Very huge. Currently our daily unique visitor is more than 20 million.

**Adrian Bye:** Twenty million visitors per day?

**Kevin Li:** Yes, 20 million visitors per day, and then 250 million page views a day.

**Adrian Bye:** 250?

**Kevin Li:** 250 million page views.

**Adrian Bye:** So 20 million uniques and 250 million page views per day.

**Kevin Li:** Yes, 20 million visitors and 250 million page views per day.

**Adrian Bye:** So, per month, you're doing like 15 billion page views per month?

**Kevin Li:** I don't have the month data.

**Adrian Bye:** But if you do 250 thousand page views per day, in one month, how many page views is that? Come on, you're the math guy.

So, that's billions of pages per month. More than 10 billion monthly page views. That's a lot. What about revenue? Can you talk about revenue?

**Kevin Li:** Yes. Last year, our revenue is a little more than \$10 million last year.



**Adrian Bye:** Cool. And how many employees?

**Kevin Li:** We have something around 200 employees.

**Adrian Bye:** So, pretty big size. Now the interesting thing, in the US, there's this issue, and I see this obviously in China. YouTube was acquired by Google, great because they can't make money. So, Google can pay for it, no problem. In China, there was a lot of video sites and as you said they have gone bankrupt. They have closed down or whatever, they're gone. You're in a tough market. How are you making it work?

**Kevin Li:** Sorry.

**Adrian Bye:** What you are doing is very difficult. How are you making this work? So many Chinese video sites are gone.

**Kevin Li:** In China there are, I think if you run a successful video website...

**Adrian Bye:** Are you profitable?

**Kevin Li:** No. Not yet. Not yet.

**Adrian Bye:** Do you have a time frame when you're profitable?

**Kevin Li:** Next year. Nobody profited in the video website.



**Adrian Bye:** It's very hard.

**Kevin Li:** Very hard. Next year, we can achieve that. I am very, very positive and confident about that. To answer your question, how can we be a winner among those two hundred websites?

**Adrian Bye:** Very hard.

**Kevin Li:** Very hard. In China if you ran a successful video websites, there are four challenges. First of all is government regulation. I think in the early year 2008, China had a law, only government owned website can run video website. Finally, they changed this rule. In China, to run a video website, you'll need government relations as very, very important.

**Adrian Bye:** Well, the government becomes your partner almost?



**Kevin Li:** No, no, no.

**Adrian Bye:** Do they not help you select some of the things that run? Like you have to work with the government?

**Kevin Li:** You need to know and understand the government. You can move if you know to draw the line. What you can do. What you can not do. Because I used to be the Editor in Chief of Sohu.com. I have rich experience in government relation. I know them very well. So, formally Ku6 is the first video sharing website who got the government license. That's very, very important to us. Yahoo, Tudou, they are all far behind us. Tudou was even closed for several days by the government. Because they don't know how to deal with the government.

**Adrian Bye:** So, you have very strong contacts with the government.

**Kevin Li:** Yes. We got first license from government. The second challenge is copyright. Copyright is getting more and more important in China. We have some laws all about copyright issue. As I told you, we are a combination of Hulu and YouTube. Hulu's model uses some movie, TV and movie, TV they have copyright issue here. So, from early year 2008 until now, we pay a lot of attention on DVD with copyright issue. We buy copyright or we share all the advertising revenue with the content provider, and so on, only motive is that we are making money together. I share revenue with the original content provider if I can make advertising, I share money with them. So we are legal.

**Adrian Bye:** When you say share the money. What if I say no, they don't want to share, they don't want you to run their movie.

**Kevin Li:** I pay them advertising. Or if they don't want to put their movie here, I just delete.

**Adrian Bye:** Oh you do?

**Kevin Li:** Yes, I do.

**Adrian Bye:** So, a lot of times they will say yes. It's not so much money but we'll take it.

**Kevin Li:** For example, if you are the copyright owner, you tell me that this is your product, I will ask you, do you want to share revenue with us or do you want I buy the copyright from you? If okay, I fine, I pay money or share revenue. If you do not want, I just delete it. So, the third challenge is bandwidth. I pay a lot of money for bandwidth.

**Adrian Bye:** What do you spend per month on bandwidth?

**Kevin Li:** I cannot tell you the exact number but I can I tell you the good thing that this year, our yearly bandwidth cost is reduced to one third, reduced huge bandwidth cost.

**Adrian Bye:** And how did you reduce it?

**Kevin Li:** Two reasons. First, our new technology. P2P technology and our good advanced CDN technology. Sent today our business partnership.

**Adrian Bye:** A business partnership?

**Kevin Li:** Yes, some commission deal, we can get good commission deal here. So, if you cannot control that bandwidth cost, you are dead. Lots of money.

**Adrian Bye:** That is your major expense, isn't it? The bandwidth.

**Kevin Li:** Exactly. More than half. The fourth challenge is the business model. Ku6 is good at our \*\*\*. What's the year? I can tell you, in the first year, year 2006, the first day I launched my website, I don't have \*\*\*. The first year I wouldn't even break even. The fourth year I broke even.

**Adrian Bye:** Congratulations.

**Kevin Li:** Compared to our competitors, our advertising revenue is relatively higher than them. So, I'm positive to be the first video website to break even. So, if you ask me why I beat so many competitors to come here, because I think I meet these four challenges better than them

**Adrian Bye:** Okay, very good. Congratulations.

**Kevin Li:** Yes, thanks for saying that.

**Adrian Bye:** Now, I just want to ask you, just a question that I wonder, and other people do also from the West, I've even talked with people who make websites in China, and they have found that if they make simple western-style websites, nobody in China uses them. If they make noisy Chinese style websites with lots of noise and advertising and everything, Chinese people love them and then they use them. You're a Chinese guy. Can you explain why is this?

**Kevin Li:** You are right. Many years ago, I found this, when I worked in Sohu.com. If we look Yahoo, very clean.

**Adrian Bye:** Yahoo is not completely clean compared to the group

**Kevin Li:** But first thing, Yahoo I compare with Sohu. Yahoo very sharp, clean but Sohu and Sina very long, even the ads, there are so many themes here. I don't know why people like this. I don't know. I don't know.

**Adrian Bye:** You don't know?

**Kevin Li:** I don't know.

**Adrian Bye:** Come on, you're a Chinese guy. Someone has to explain this. For me, it's really interesting. There has to be some reason. I mean if you don't know, you don't know.

**Kevin Li:** Maybe the reason is that, in the US you have many, many channel to find you with new media, new information. Over here in China, it's a little difficult for you to find information, news, material for you. So, China people, they lack information more. So, they look for more and more information in one page. But in the US, Yahoo is not the only channel for you to find information. You can do with other news writer, TV stations. But here in China, Sohu, Sina. That's the main media information channel for us, so people like more and more information here.

**Adrian Bye:** Because they are curious?

**Kevin Li:** Yes, people need information more here than in the US. I think that will be the perfect reason.

**Adrian Bye:** In the US, the problem is information overload, and here people want more information.

**Kevin Li:** YouTube, very clean. First, we were thinking but the format, it cannot work. Critically, we need something more like Sohu, Sina, many, many items, many, many video in one page. But people like this.

**Adrian Bye:** Yes, give people what they want. Ok, other types of companies...PPLive. How do you see that you compete with PPLive?

**Kevin Li:** We have different models.

**Adrian Bye:** But you're using P2P.



**Kevin Li:** Sorry?

**Adrian Bye:** You're using P2P also.

**Kevin Li:** But we are still different. We are all P2P, a method for people to look faster at videos. If you are watching video in PPLive, you'll have to upload PPLive P2P. But if you look at a video in Ku6, you don't need to upload, you don't need to download the client end.

**Adrian Bye:** You'd have to download the client, right. So you have no client, and you used web-based.

**Kevin Li:** We have client. But that depends on you. Our clients are different from PPLive client. With PPLive, if the people don't download the client, they cannot watch PPLive video. But here, even if you don't download client, you can watch. So, they're quite different.

**Adrian Bye:** They have quite a lot of traffic, 120 million users. I guess some 30 million users per month, whereas you have 20 million uniques per day.

**Kevin Li:** Our P2P to view is far heavier than them. We have more and more P2P than them.

Especially, in the late 2007, because if people will download client from PPLive, the main reason is they want to look at movie with TV with a long video. But in late 2007, our video sharing website, we have new

technology. People can't watch TV movie here, because, for example, TV is one hour. It will be cut into three. We do a feature, a video movie feature. You can look the first part, and then, automatically start the second part, and then the third part. After we have this new product, we call it our video feature, or something like that, so, people find it they can also watch TV movie in the share room, and without downloading.

**Adrian Bye:** You've mentioned P2P a few times. You're doing P2P in flash? How does that work? How do you do P2P in flash?

**Kevin Li:** First, we assemble, and here we have one medium. If you are on your computer and I am on my computer, we both watch this video, we can share downloaded sources, it works like that.

**Adrian Bye:** To be able to do that, the flash client has to be able to connect through your computer, through your file wall, not back to the original flash server but off to another machine. Is Flash capable of talking to someone else's computer to stream content?

**Kevin Li:** I'm not an expert in technology. I cannot tell you the full detailed things. The result is that, for video sharing websites, we cache video P2P. That is our technology innovation, comparing with PP Live.

**Adrian Bye:** When you got started, how did you get started? Where did your traffic come from?

**Kevin Li:** Firstly, you know Baidu is our investor. We have ownership with Baidu. YouTube was acquired by Google, and Baidu thought about their video strategy, and finally they decided to invest in one, instead of doing it by themselves or buying one. So, finally, they chose Ku6, and they themselves don't do video by themselves, but they gave us a lot of resources. So, our first traffic mainly came from Baidu.

**Adrian Bye:** So, that's a lot of traffic.

**Kevin Li:** A lot of traffic.

**Adrian Bye:** So they were good investors?

**Kevin Li:** Yes, good investor.

**Adrian Bye:** How did that happen that you got the investment from Baidu?

**Kevin Li:** Oh, Baidu talked with almost every good video website in China. They chose me from that, because they trust me. They think I can make it good. You know I used to be the editor in chief in Sohu.com, I have some reputation in this internet area, so they trust me.

**Adrian Bye:** Now, you talked about your usage generated advertising. I have never heard of this before and I follow US advertising. I don't catch everything but I catch most of it. I've never heard of users generating advertising in the US. Is this going to be done in the US, do you think?

**Kevin Li:** I'll tell you this. In fact why DFJ invest in me? Because in the US, they found a similar model, another website, they have similar UGA model. So, they came to China, they want to find another China website with a similar model, so finally they trust us.

**Adrian Bye:** Which website in the US is doing this?

**Kevin Li:** I cannot remember the exact name.

**Adrian Bye:** Is it working for them? I mean I have not heard of it, I've never seen it. So, I can't see it's a big success...

**Kevin Li:** I did not catch up with it recently, but during that time, it works.

**Adrian Bye:** So, today, it's about 20% of your revenues?

**Kevin Li:** Yes, some 20-30% of our revenue.

**Adrian Bye:** What would be the other 70-80%?

**Kevin Li:** Hard advertising. That means the advertising before, pre or post of the video, or advertising around the video bar, something like traditional advertising, and 80% of these are video advertising, video style not pictures style.

**Adrian Bye:** One area I'm interested about, and you tell me what we can talk about and what we can't, I'm interested to understand how you manage your relations with the Chinese government. In the reading that I have been doing about China, when you do something like a video site in China, you have a partner which is the Chinese government, not a business partner but the content you display must be generally in line with what the Chinese government wants. So, there are things you can't run on your site. How does that work? If you have users uploading videos, which is what they do, there must be a lot of content that the people upload that the Chinese government doesn't want. How is that handled?

**Kevin Li:** Yes, you're right. there are two kinds of ways to manage a video website over here. One model is that no matter what people upload, I let them to look, just share with each other. By doing so, a lot of sexy videos of some political figures are uploaded here. In fact, several of our main competitors, they do this way. But I did a different thing. In the first period of our website, I set up a big video monitor team in Xian. I set up some 80 people there.

**Adrian Bye:** Eighty people

**Kevin Li:** I have 80 people there. We monitor every video, before it is uploaded to our website. So, we have a very detailed standard for our internal monitor.

**Adrian Bye:** I guess that's fairly cheap. Eighty people is a lot of people, but it's not so expensive...

**Kevin Li:** Exactly. So, that's the reason why I put up in Xian, that will be cheap.

**Adrian Bye:** Where is Xian? How far away?

**Kevin Li:** Xian is in the central of China.

**Adrian Bye:** So, salary for those people is \$100/month.

**Kevin Li:** A little higher than that. It's not that similar, below here than there.

**Adrian Bye:** For them, it's good work?

**Kevin Li:** Yes. Some young guy. To me, to ensure that every video is monitored.

**Adrian Bye:** So, you have 80 guys reviewing every video uploaded. So, like right now, there are 80 people reviewing everything?

**Kevin Li:** Yes.

**Adrian Bye:** How quickly does the review process take?

**Kevin Li:** Several minutes.

**Adrian Bye:** Oh, several minutes? That's it?

**Kevin Li:** Well, 1 minute to 7 minutes. We have new technology. For example, we have a pool with bad video. If you upload a new video here, if you have a scene with another bad video pool, you will be cancelled. We have this kind of technology. Very, very good.

**Adrian Bye:** So what happens then when a user uploads something bad? Do you report it to the Chinese government? Is there any process or do you just delete it?

**Kevin Li:** We just delete it, and we make this video into our internal pool.

**Adrian Bye:** So, that's one source. So, that helps control what goes on to the site. There're still regulations that you have to follow with the Beijing government. What kind of things? How do you know people there? What kind of relations do you maintain with the government?

**Kevin Li:** The fact is in China, Government management of media website is not very strict. They just care about some bad video. You see, you better not upload sexy or political video at our website. Besides this, you can do everything you want. You can choose which video you put...

**Adrian Bye:** Horror. Can you upload horror movies?

**Kevin Li:** No, cannot.

**Adrian Bye:** I don't like that. I'm just curious to ask.

**Kevin Li:** Sexy, the one you think, political, we cannot upload. That's the only regulation from government.

**Adrian Bye:** Otherwise, no problem.

**Kevin Li:** No problem.

**Adrian Bye:** You know the people in the Chinese government? How does it work? Is there a department there, do you go and have a meeting once a week with them? From outside, from the West, we know how to



reach the US government. How do things work with the Chinese government? Who do you talk to? How does that start?

**Kevin Li:** We have a department who are in charge of video websites. They have a meeting with us.

**Adrian Bye:** So, you just work with that department?

**Kevin Li:** Only one department, so clear initiatives.

**Adrian Bye:** But when you started, there was no department for video websites?

**Kevin Li:** No.

**Adrian Bye:** So, who did you work with before?

**Kevin Li:** Even before we had Ku6.com, from legal point, it's clear that the department's staff are really in charge of video websites.

**Adrian Bye:** Oh, so this is the name of the person?

**Kevin Li:** No, that's the name of the department.

**Adrian Bye:** So, it was a staffed department, and you were already working with that department?

**Kevin Li:** Yes.

**Adrian Bye:** Then they made a new department, a special department for video?

**Kevin Li:** Exactly. They even had when I was at Sohu.com, during that time, they had staff manager for video websites.

**Adrian Bye:** How often do you meet with the government?

**Kevin Li:** Not very often.

**Adrian Bye:** Once a month? Once a year?

**Kevin Li:** I think every...last month or last two months, I remember that, we have something, we have meeting, we have this kind of thing, not so often.

**Adrian Bye:** Are there many times when they are asking you to take new things of the website, or generally, there's a list of rules and you follow them and that's it? Because things change, right? Sometimes they want to restrict different things.

**Kevin Li:** Sorry?

**Adrian Bye:** Sometimes new situations happen, and they need to restrict different content. Let's say there's a new situation that the Chinese government does not want information about. Do they call you, or how does that work?

**Kevin Li:** We have meeting, I think. They will give some general principle.

**Adrian Bye:** Okay. How do you run the company I mean, you have 200 people here. One of the things I've been learning about China is that people are very individual, and often times they don't want to work for someone else. They want to be independent or run their own business. They're very entrepreneurial. So, how do you keep 200 people all focused on building Ku6?

**Kevin Li:** people who want to be entrepreneurs are very, very little. It's too hard to be a successful entrepreneur. Not so many people want to be entrepreneur. Most of the people want to work in a company. So, I think, people here are more like working in a group or a team, so it is not difficult for us to manage our staff.

**Adrian Bye:** So, you don't have any problems?

**Kevin Li:** Yes, we have, every company has problems. But I don't always face the problem as you have said just now, because people want to be entrepreneur. That's not my first problem.

**Adrian Bye:** That's most of the questions I wanted to ask you. Is there anything else you want to talk about? Anything that we haven't covered that you would like to discuss?

**Kevin Li:** No, nothing. You ask a lot of good questions.

**Adrian Bye:** Thank you very much for the interview.