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Baidu, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Eddie Leung with Banc of America. Please proceed.

Eddie Leung – Banc of America

(inaudible) full rollout of Phoenix Nest, could you guys tell us the difference between the current trial versions and the full versions of Phoenix Nest? And my second question is related to the increase in Phoenix net revenues as a proportion of revenues in the fourth quarter is was it more driven by an increase in partnerships or just directing more advertising links to your partners? Thanks.

Haoyu Shen

Hi, Eddie. It is Haoyu. So Phoenix Next is a new auction system that is different from (inaudible) today, we are testing, starting from Q4, we are testing, but the work started actually early art of 2008, now we are just testing it? hi, sorry. I was on mute, so Eddie, how are you? The question about? so, the phoenix nest is a new auction system we are testing. We started working on this early part of 2008. We started testing it in beta version starting from Q4. Now we have over 600 customers participating in it and it is invitation based only. So the difference right now between – there is a lot of difference between Phoenix Nest and the current system in terms of the different data, the more data that customers can get, the more tools we give them to manage their budgets, and also the setup is different. Now the other difference right now is it is only tested on the right hand side, but the goal is to eventually make this more broadly available to other customers, which we are planning to do within Q2. And also in Q2 potentially, we will open up some space on the left hand side, the top left hand side space to Phoenix Nest as well. As far as the revenue contribution in Q4 from Phoenix Nest, it is very small. Because it is invitation based and it is – we only have a few hundred customers participating in it, and it is very important to note that this system over time will get better. Once we accumulate more data, and the experience from the customers, it'll definitely get better, and monetization will increase.

Eddie Leung – Banc of America

Hey, how are you? Just one quick follow-up, so this new system will run in parallel to the current paid listing mechanism, right?

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