



MICHAEL EISNER:

Mark, we had-- as you know-- Sumner Redstone (PH)-- '83, '84. Ted Turner, '67 I talking -- years old. You're 47. So it's like we have three generations-- we've taken some off of Paley. (LAUGHTER) But-- four generations of entrepreneurs, and kind of a world media starting-- the American media and the world media. And I'm sure you've watched them.

MARK CUBAN:

Sure.

MICHAEL EISNER:

Was that interesting? Or f-- fear-making? Or--

MARK CUBAN:

Oh, no it was great. These two are-- they're two of my heroes. I mean, from-- from multiple perspectives. Watching, you know, Ted Turner, and how he built an entire empire, going against the grain. Everybody discounting everything he said in the early eighties-- late seventies, early eighties.

Whether it was in sports. Or how he ran a sports team. Whether it was in acquisitions. Everybody just thought he was an idiot. And he proved them wrong every step of the way. And so--

MICHAEL EISNER:

Are you identifying there?

MARK CUBAN:

Maybe a little bit. (LAUGHS)

MICHAEL EISNER:

You're-- if you're (PH)--

MARK CUBAN:

Yeah a lot, yeah.

MICHAEL EISNER:

Yeah, but you did things that people said, "Hey, what is he doin'?" He's crazy."

MARK CUBAN:

What the hell is that guy doin'? Yeah.

MICHAEL EISNER:

"He's ahead of his time. He-- he sold for-- I don't know, a billion--"

MARK CUBAN:

No. They didn't say I was ahead of my time. They just said I was an idiot. "What the hell's he doin'?" You know.

MICHAEL EISNER:

Well, what's-- well, (LAUGHTER) you became-- and I know money should not be the monitor of everything. But in-- it does-- it is some benchmark. You became a billionaire in four years. Bill Gates took ten years. So that's-- you're--

MARK CUBAN:

I never thought of it that way. But--

MICHAEL EISNER:

--you're, in fact-- still. (LAUGHTER) The-- the things that you're doing now, and your-- your opinions in your blog, are really taken seriously by everybody. And maybe I'll go, instead of starting with the-- how do you-- how you began, and how you bought the Mavericks, just a little conversation about what's in the news today. Which is this-- this YouTube acquisition, and this craze on MySpace. And Facebook, and so forth.

And I'm interested because I-- I'm involved in some of that-- those things. And-- I read your blog. And I read about your point of view, which is moving a little bit, over the last couple days. But about how dangerous it may be for Google, all right, to acquire a company that is really built on pirated, non-copywritten-- not approved, copywritten material for them.

MARK CUBAN:

Do it on pirated material, plain and simple.

MICHAEL EISNER:

And do you really think it's gonna be a Napster-- the Napster of today? That day that Google's gonna wake up and find out--

MARK CUBAN:

It is-- should you (PH)--

MICHAEL EISNER:

--there's no value?

MARK CUBAN:

--I mean, look at the process kids'll go through to get free stuff now. You know, they'll go to PirateBay, overseas. They'll go through BitTorrent. They'll go through all these numerations to just get somethin' free. YouTube and GoogleVideo make it easy. Now, you just go to Google. And you-- and it's easy.

MICHAEL EISNER:

And how different is this from what you sold to Yahoo--

MARK CUBAN:

Oh, night and day.

MICHAEL EISNER:

--how-- was that all legal content?

MARK CUBAN:

Oh, yeah. There's no question about it.

MICHAEL EISNER:

What-- what--

MARK CUBAN:

Well, on Broadcast.com.

MICHAEL EISNER:

I guess that covers it.

MARK CUBAN:

There's two-- two things about Broadcast.com people-- that are trying to compare and not-- don't understand. First, our-- our last quarter-- when we sold to Yahoo, we did \$20 million in revenue. And 80 percent of that was in doing-- live streaming.

So we would go to Motorola, and prior to st-- streaming, they would have to rent facilities like this. And-- around the world. And they would do a big satellite broadcast. I mean, you remember doing those. And we said, "No. We'll just stream it to the desktop. And we'll charge you a half a million to a million dollars to do it."

That was the majority of our revenue. What we did as proof of concept, to understand how the technology worked, was go to all the different-- professional sports teams; and we would stream their audio, and then video.

And typically, during the day, because the-- in office, the PC's the primary media device-- people in the office, you wanna listen to the Cubs? We'd have, you know, 40, 50, 60,000 simultaneous people listening to the Cubs. So, we would go out and actually license content. And-- and in turn, we turned into the largest, you know, multimedia site on the net.

MICHAEL EISNER:

Okay. So you're now-- you made this money-- at the right moment.

MARK CUBAN:

Uh-huh (AFFIRM).

MICHAEL EISNER:

Cuz the bust came not too long after that.

MARK CUBAN:

Not long at all.

MICHAEL EISNER:

How long?

MARK CUBAN:

Um-- it was the--

MICHAEL EISNER:

A week?

MARK CUBAN:

--fall of April, 2000 and-- yeah, within days, basically. (LAUGHS) Yeah, it wasn't long.

MICHAEL EISNER:

Had they closed?

MARK CUBAN:

Yeah, we had closed. Yeah.

MICHAEL EISNER:

So, you closed; and then the world fell apart.

MARK CUBAN:

It was-- it was pretty close. I mean, people didn't--

MICHAEL EISNER:

So, did you like, dance around, and do a jig?

MARK CUBAN:

--no, no. It wasn't-- wasn't--

MICHAEL EISNER:

No?

MARK CUBAN:

--you know, we-- we sold in-- in-- oh, the-- I forget the exact month it was sold. But we closed in April-- through-- right around April of 2000. And then it took a dip. But everybody thought it was just gonna bounce back. And then it bounced back. And then-- you know, but not quite as high. And then, you know, it just kept on goin' down from there.

MICHAEL EISNER:

And what would Yahoo value that company today, inside Yahoo?

MARK CUBAN:

Well, you know, we-- we got 28 million shares of Yahoo. You know, and so, you figure it's--

MICHAEL EISNER:

And so, you must like Terry Semel? Or have you sold that?

MARK CUBAN:

I sold that right away.

MICHAEL EISNER:

Well, you like 'em, anyway.

MARK CUBAN:

Yeah, I-- I like Terry. Great guy. So-- no, we-- we sold Broadcast.com for 28 million shares of stock. And-- and so, you know, 25 bucks a share. Now it's worth \$700 million. So, you ask yourself, if you could get the number-one streaming company on the net; if you can have, you know, a top-25, just total traffic site; if you could have more multimedia-- and we have hundreds of thousands of hours of multimedia online-- and you know, we were the leader, you know, then-- now, like we were then, would you pay \$700 million?

Well, Google just paid twice that much. For, you know, what I think was a-- a-- a different company. But I think, had a more leverageable advantage than maybe YouTube has today.

MICHAEL EISNER:

Okay. So, you took his money. And it's not lie you didn't overpay for something yourself. You take this money; and you buy the Mavericks team, that had not-- the basketball team, that had not--

MARK CUBAN:

Done much in the--

MICHAEL EISNER:

--performed well the last decade. You spent more money--

MARK CUBAN:

--than anybody else.

MICHAEL EISNER:

--for a basketball team.

MARK CUBAN:

Right. \$285 million.

MICHAEL EISNER:

So, what made you think-- you couldn't be-- just cuz you like-- basketball.

MARK CUBAN:

Oh, yeah. It-- hey, I'm--

MICHAEL EISNER:

You just wanted to go to a game? You could've gone to a game for \$25.

MARK CUBAN:

--well, I did. I had-- I had season tickets. And you know, we-- we--

MICHAEL EISNER:

Did they-- were they improved since then?

MARK CUBAN:

--yeah, since then, yeah. But you know, at that point in time, it was-- they were terrible. And-- and I was there with my-- my girlfriend, who is now my wife, and some friends. They're like-- you know, "They suck." And I'm all, "I can do a better job than this."

And then it was like, you know, "Put your money where your mouth is." And so I decided, "I've been a basketball junkie since I've been five years old. What could be more fun?" And-- and so, you know, I-- I like the challenge.

MICHAEL EISNER:

What was your first meeting with David Stern like? (COUGHING) Compare your-- compare the last meeting--

MARK CUBAN:

Oh, it was great. No, our-- our meetings were great. Because I was like the-- the digital geek who was gonna-- you know, support him and all his digital endeavors. Which, for the longest time, I did. It's just, as I got more into the-- the business of basketball, that we started-- started to diverge in our opinions.

MICHAEL EISNER:

He was (LAUGHTER)-- he was heretofore, known as a very good marketer.

MARK CUBAN:

Uh-huh (AFFIRM).

MICHAEL EISNER:

And I know from experience, that compared to the other leagues, and the other people that run the other leagues, he is the best.

MARK CUBAN:

Well, that's a sad commentary on (LAUGHS) the others.

MICHAEL EISNER:

Well, you-- but-- but--

(OVERTALK)

MICHAEL EISNER:

--but your criticism of him was that he-- he didn't-- like it.

MARK CUBAN:

Dave -- Dave was a-- a smart guy. Don't get wrong. I have tons of respect-- I-- I enjoy my relationship, most of the time, with him. But we're not a good marketing league. We-- we don't market at all. I-- I think-- and some of what you mentioned, you know, his-- his aspersion towards the-- the theatre business, because there's a lot more competition.

And-- and sports are the same way. When I got to the Mavericks, they thought they were in the business of basketball. We're not in the business of basketball. We play basketball. We're in the business of, "What do you wanna do tonight, honey?"

MICHAEL EISNER:

Okay. So let's get into television and movies, and things that-- we're sitting in a-- in a museum that-- that deals with intellectual property and things of the mind. You decide early on, which is now becoming true, that high definition television is the way to go.

MARK CUBAN:

Right.

MICHAEL EISNER:

And you put up two high definition networks. That's risky.

MARK CUBAN:

Well--

MICHAEL EISNER:

Especially when ESPN eventually, is gonna put up HD and the networks are gonna do it. And it's gonna become more prevalent. But you're there first; so you're the-- you get the brand.

MARK CUBAN:

Well, you know, we started HD, and I started HDnet and HD net movies, in 2001. I looked at a high definition television back then, and I just saw a PC. Everybody else looked at it and saw an eight to \$10,000 monstrosity that people weren't going to buy.

And the-- where-- where that was relevant, in seein' the PC in it, is that it would follow the same price performance curve as PCs did. Prices would come down; performance would go up. At some point, they would become ubiquitous.

So, because of that, I-- then I looked at-- I took my technical background, and I looked at the-- the-- the transport mechanisms, the delivery of-- of television, and where it was going. And primarily through cable, and satellite.

Well, cable had just gone through this huge build-outs. Billions of dollars to try to get a 750 or 800 megahertz system. And then I just started working backwards in terms of bandwidth. And I said, "Okay, if every TV network goes hi-def, there's not enough bandwidth to go around. But they just don't see that yet.

And so, if I jump in there, and fulfill the demand for people who do own hi-def sets, where-- who are the-- the higher end demographics, the people who don't turn, who have the biggest bill, that's the need-- that's

gonna be a great need for a cable and a cell; and for a satellite provider. And they're gonna give me bandwidth." And then--

MICHAEL EISNER:

But you knew, down the road, the established networks would--

MARK CUBAN:

Oh, sure. And then, I'd just have to compete.

MICHAEL EISNER:

By being there first, you get the brand.

MARK CUBAN:

I-- I get the brand. But I also get a-- a-- a place at the table. If you look at it now, there's only 15, 20 channels that are out there. And it's not because other networks don't wanna go hi-def. They're tryin'. MTV's got a hi-def channel.

You know, Sumner can't get it anywhere.

MICHAEL EISNER:

I-- did you think this-- did you like to sit around and say, "Okay, I'm gonna make up my business rules"? By the way, you-- you read books about-- people who have their ten things to get to heaven, and 12 things to get rich?

MARK CUBAN:

No.

MICHAEL EISNER:

They usually do it after they accidentally got there.

MARK CUBAN:

Get there. It-- no, I-- I mean, I had goals, like everybody else. I used to get in the car and drive by the big houses and dream. But you know, it-- it was more about what's-- works for me. And if somethin' works, you keep on usin' it until it doesn't work.

MICHAEL EISNER:

So, when you get-- do you wanna be like Time Warner? Do you wanna be a--

MARK CUBAN:

No.

MICHAEL EISNER:

--vertically integrated match-- you're gonna say no, but you really think yes, right?

MARK CUBAN:

No, I--

MICHAEL EISNER:

Deep down-- deep down--

MARK CUBAN:

--do I wanna be--

MICHAEL EISNER:

--you're looking at Sumner, you're saying--

(OVERTALK)

MICHAEL EISNER:

--do I wanna do that when I've already--

MARK CUBAN:

No. (LAUGHTER)

MICHAEL EISNER:

--I wanna be 20 years younger, and I'll be there.

MARK CUBAN:

No. You know, I want to have Sumner's great, you know, vitality and-- and vigor. And-- and--

MICHAEL EISNER:

And his assets?

MARK CUBAN:

--no, I get enough money. You know--

MICHAEL EISNER:

No I mean his physical assets...

MARK CUBAN:

--no, I-- no, no, but--

MICHAEL EISNER:

Viacom... CBS.

MARK CUBAN:

--no. No, I'd rather build it than buy it. I'd rather, you know, build it, and-- and go through the process, and-- and you know, find my niches than try to lever my way up-- to-- to big assets.

MICHAEL EISNER:

Well, is that--

MARK CUBAN:

To me, the fun-- the fun is the-- the-- the sport of business. That's what I get into. The fact that Sumner sits there and says-- you know what? Basically, he's tellin' me, "We're gonna kick your ass." I'm like, "Sumner, I'll kick you right back." You know? That's fun.--

MARK CUBAN:

And I love the competition. I-- it-- it-- where everybody's saying, "Well, YouTube, this is where it's (NOISE) all goin'!" That's the worst place to look, you know. Because it's all-- everybody's over there. Everybody's lookin' there. So I'm out there lookin' everywhere else.

MICHAEL EISNER:

I-- clearly, all my investments are stupid, I can (LAUGHTER) tell right now. I just have to go back to the major thing of content again.

MARK CUBAN:

Content--

MICHAEL EISNER:

Just make sure that-- and let it--

(OFF-MIC CONVERSATION)

MICHAEL EISNER:

Just use the word, "digital," and leave the room.

MARK CUBAN:

Every-- let everybody else fight over the pieces, yeah.

MICHAEL EISNER:

Thank you very much.

MARK CUBAN:

Thanks, Michael. I really enjoyed it.

MICHAEL EISNER:

Yeah, thank you. (APPLAUSE)