

# INTERNET TRENDS

D10 CONFERENCE  
5/30/2012

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**KPCB** | KLEINER  
PERKINS  
CAUFIELD  
BYERS

# Outline

- 1) **Basic Stats** – Internet Growth Remains Robust, Rapid Mobile Adoption Still in Early Stages
- 2) **Re-Imagination** – of Nearly Everything
- 3) **Economy** – Mixed Trends, With Negative Bias
- 4) **‘USA, Inc.’** – A Lot to be Excited About in Tech, A Lot to be Worried about in Other Areas
- 5) **Bubble** – or Not?

**BASIC STATS – INTERNET GROWTH  
REMAINS ROBUST, RAPID MOBILE  
ADOPTION STILL IN EARLY STAGES**

# ***INTERNET USERS***



## 2.3B Global Internet Users in 2011\* – 8% Growth\*, Driven by Emerging Markets

Rank	Country	2008-2011 Internet User Adds (MMs)	2011 Internet Users (MMs)	Y/Y Growth	Population Penetration
1	China	215	513	12%	38%
2	India	69	121	38	10
3	Indonesia	37	55	22	23
4	Philippines	28	34	44	35
5	Nigeria	21	45	--*	28
6	Mexico	19	42	19	37
7	Russia	16	61	3	43
8	USA	15	245	1	79
9	Iran	14	37	--*	48
10	Turkey	11	36	26	49
Top 10		444	1,189	12%	32%
World		663	2,250	8%	32%

# ***MOBILE USERS***

# 1.1B Global Mobile 3G Subscribers, 37% Growth, Q4 – @ Only 18% of Mobile Subscribers

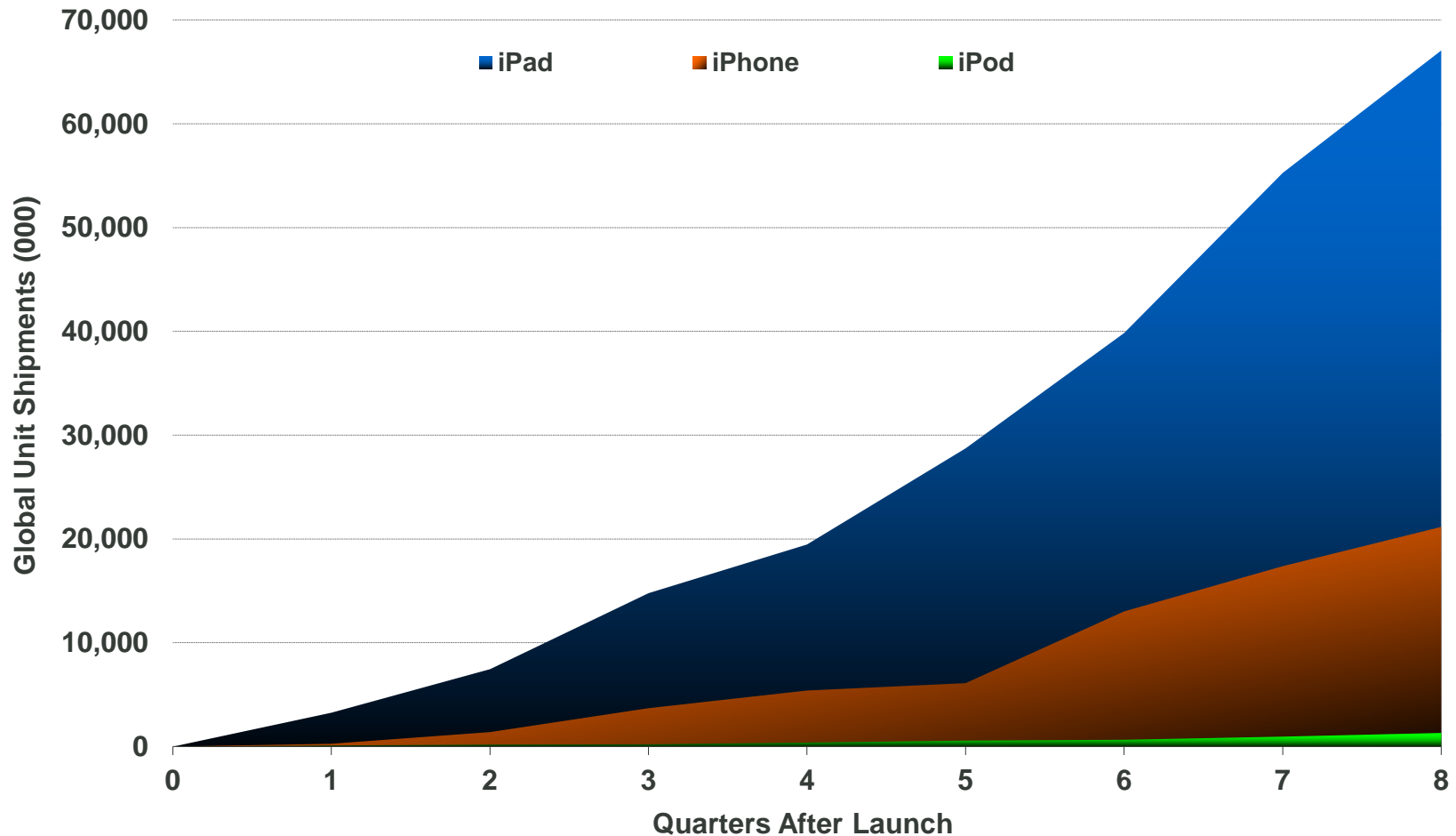
Rank	Country	CQ4:11 3G Subs (MM)	3G Penetr ation	3G Sub Y/Y Growth	Rank	Country	CQ4:11 3G Subs (MM)	3G Penetr ation	3G Sub Y/Y Growth
1	USA	208	64%	31%	16	Canada	16	62%	34%
2	Japan	122	95	9	17	Taiwan	14	48	17
3	China	57	6	115	18	South Africa	13	21	49
4	Korea	45	85	10	19	Turkey	13	20	62
5	Italy	44	51	25	20	Portugal	13	78	19
6	UK	42	53	25	21	Vietnam	12	11	358
7	Brazil	41	17	99	22	Mexico	11	11	55
8	India	39	4	841	23	Malaysia	10	27	7
9	Germany	38	36	23	24	Sweden	10	73	25
10	Spain	33	57	21	25	Philippines	10	11	45
11	France	30	45	35	26	Saudi Arabia	10	19	17
12	Indonesia	29	11	27	27	Netherlands	9	44	34
13	Poland	28	57	17	28	Egypt	8	10	60
14	Australia	22	76	21	29	Austria	7	58	24
15	Russia	17	8	45	30	Nigeria	6	6	51

Global 3G Stats:    Subscribers = 1,098MM    Penetration = 18%    Growth = 37%

# ***MODERN MOBILE DEVICE EVOLUTION***

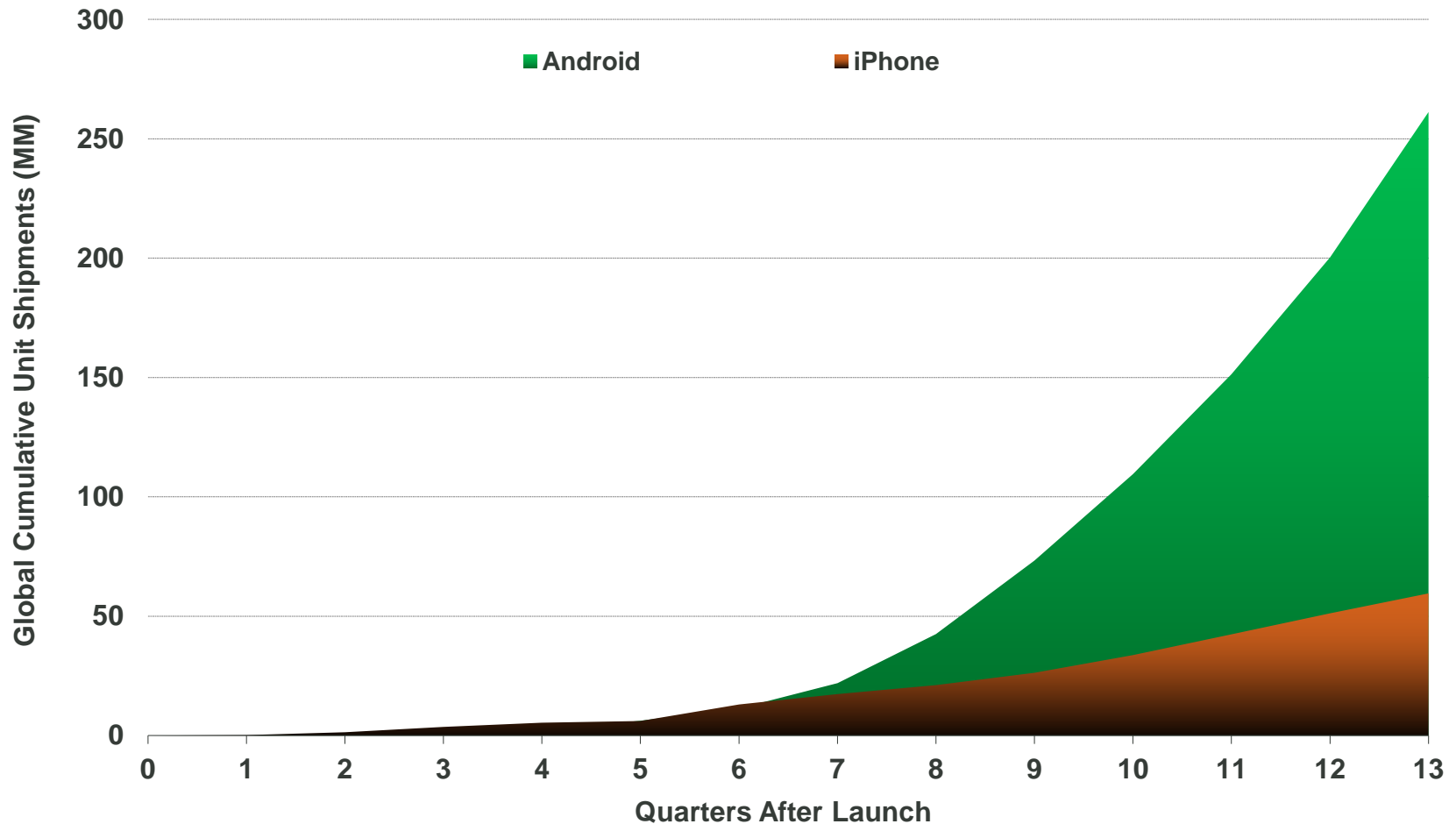
# iPods Changed Media Industry...iPhones Ramped Even Faster...iPad Growth (3x iPhone) Leaves “Siblings” in Dust

First 8 Quarters Cumulative Unit Shipments, iPod vs. iPhone vs. iPad

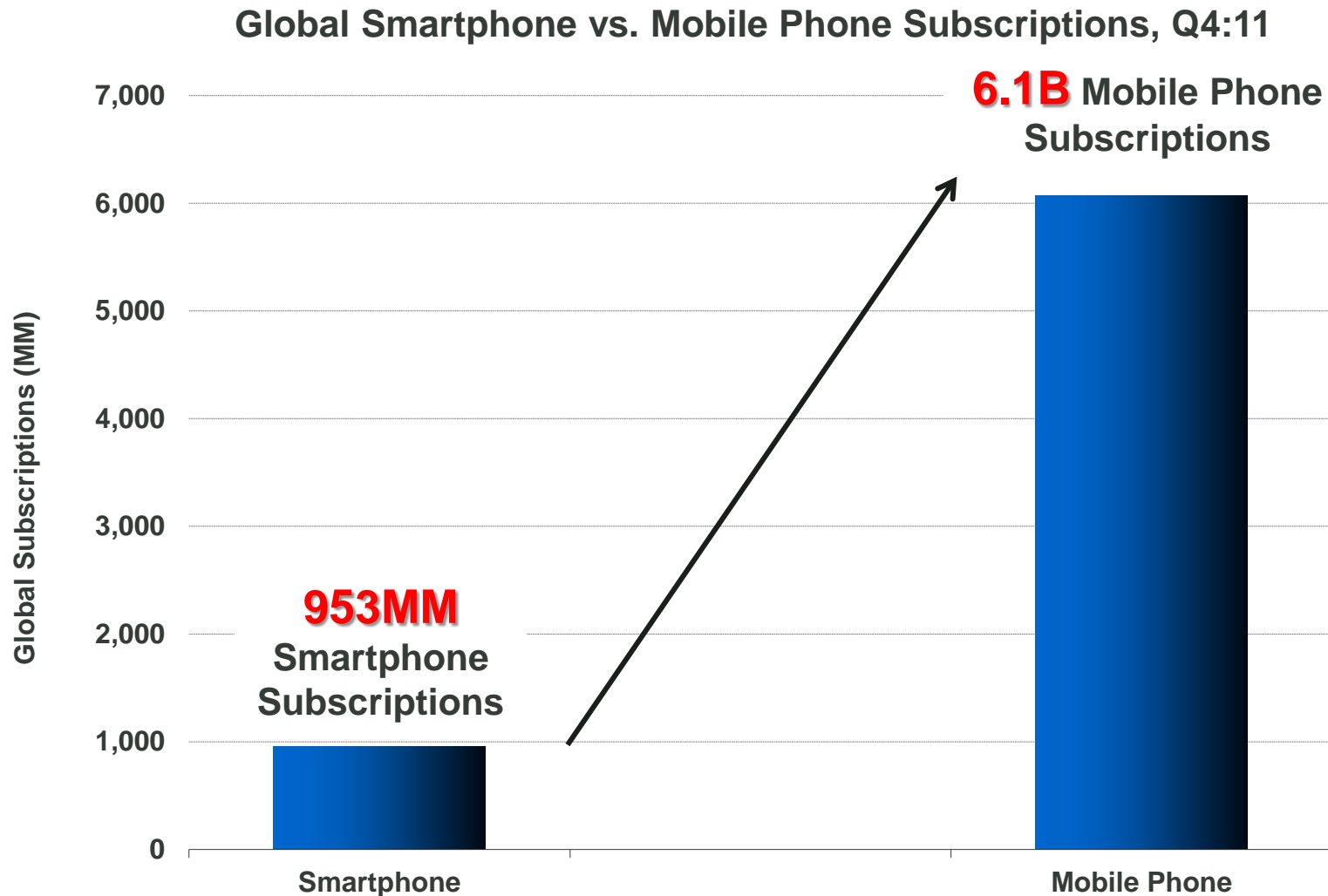


# Android 'Phone' Adoption Has Ramped Even Faster – 4x iPhone

First 13 Quarters Cumulative Global Android & iPhone Unit Shipments



# Despite Tremendous Ramp So Far, Smartphone User Adoption Has Huge Upside

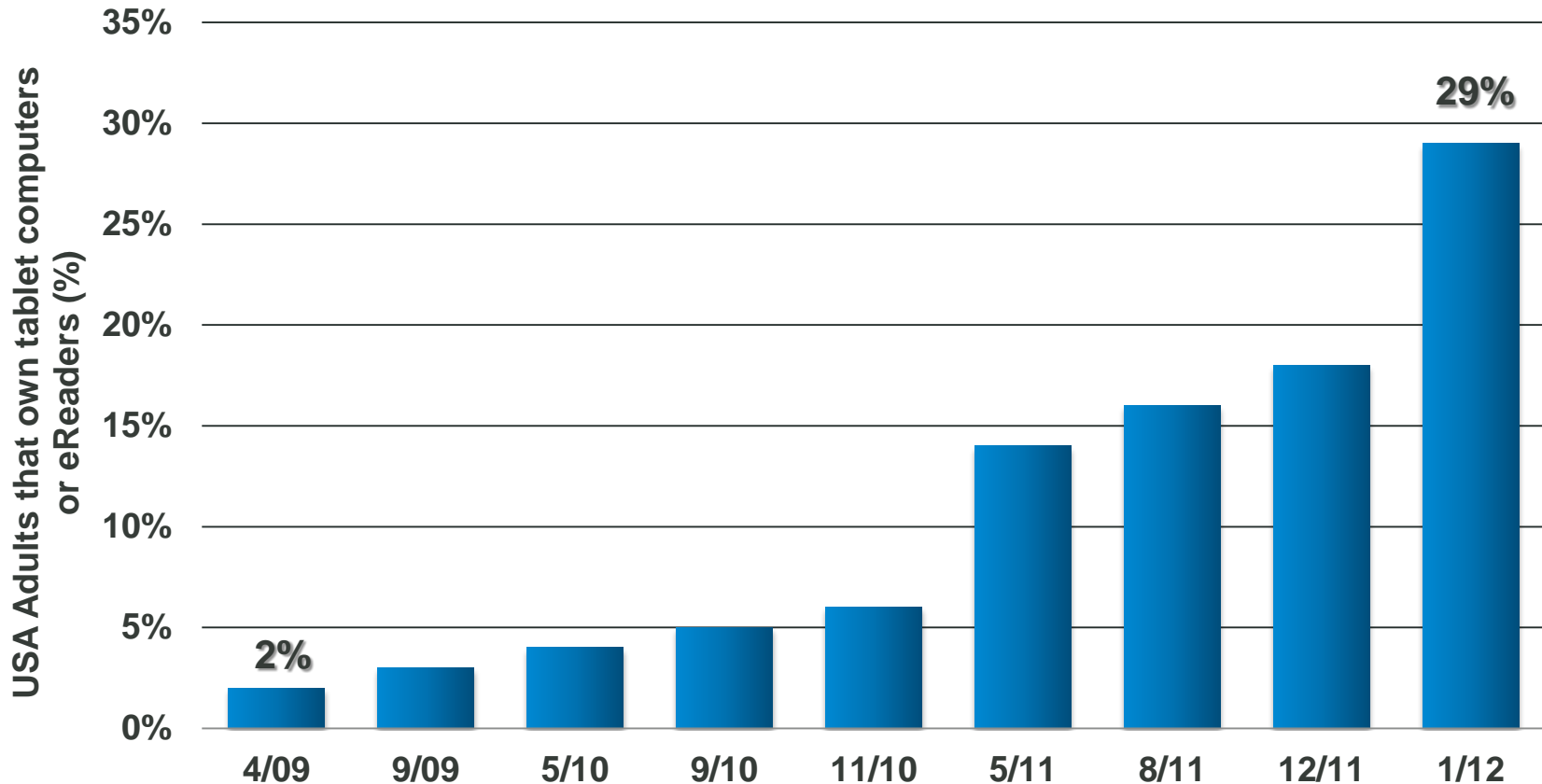


Source: Mobile phone subscriptions per Informa (as of Q4:11), Smartphone subscriptions estimate based on Morgan Stanley Research's estimated smartphone user as % of total mobile user at the end of 2011 (16%).

Note: While there are 1B global 3G subscribers as of Q4:11, not all of them were smartphone users. One user may have multiple mobile subscriptions, therefore actual user #s may be lower than subscriber #s.

# Impressive 29% of USA Adults Own Tablet / eReader, Up from 2% Less Than Three Years Ago

% of USA Adults Who Own Tablet Computers or eReaders, 4/09 – 1/12

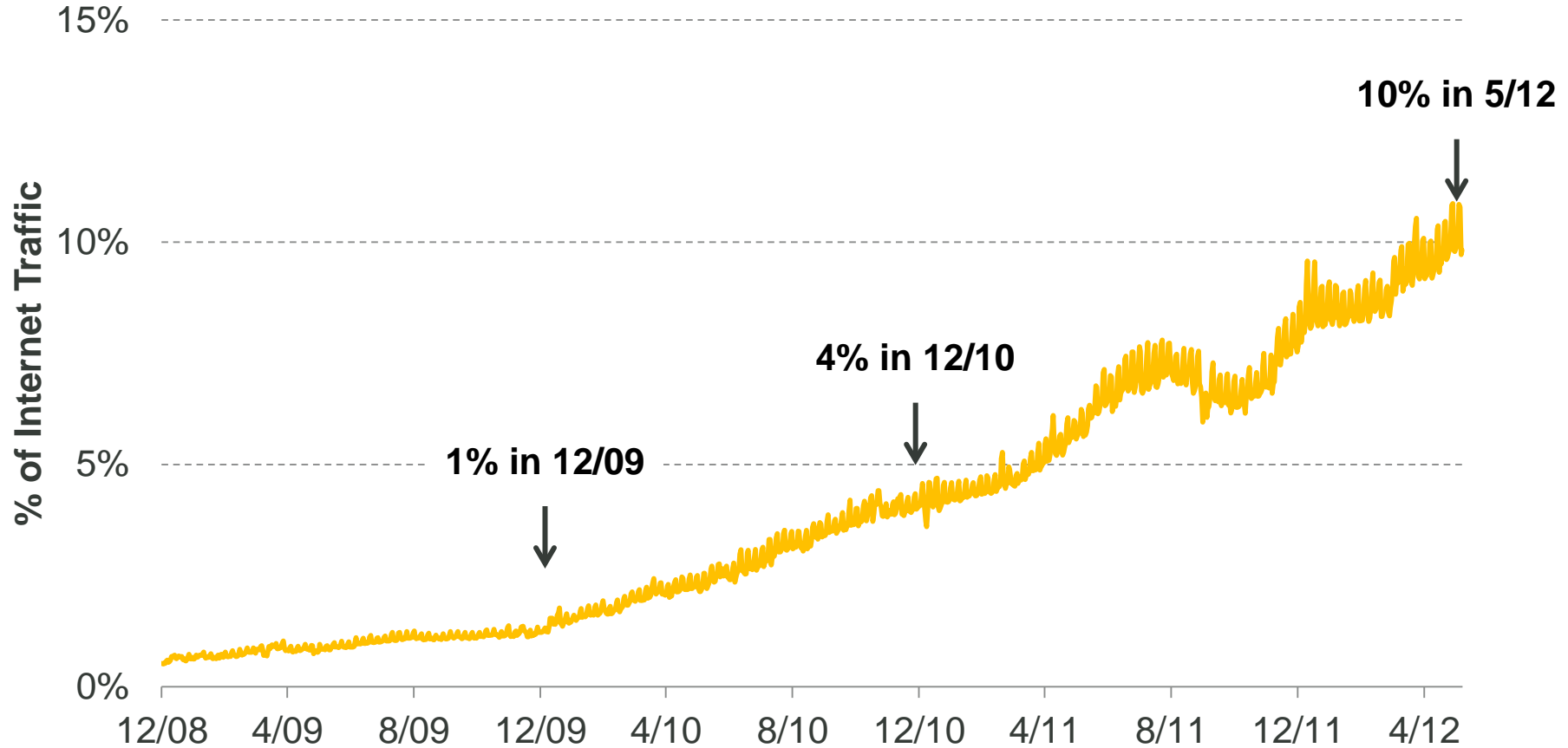




# ***MOBILE MONETIZATION TRANSITION***

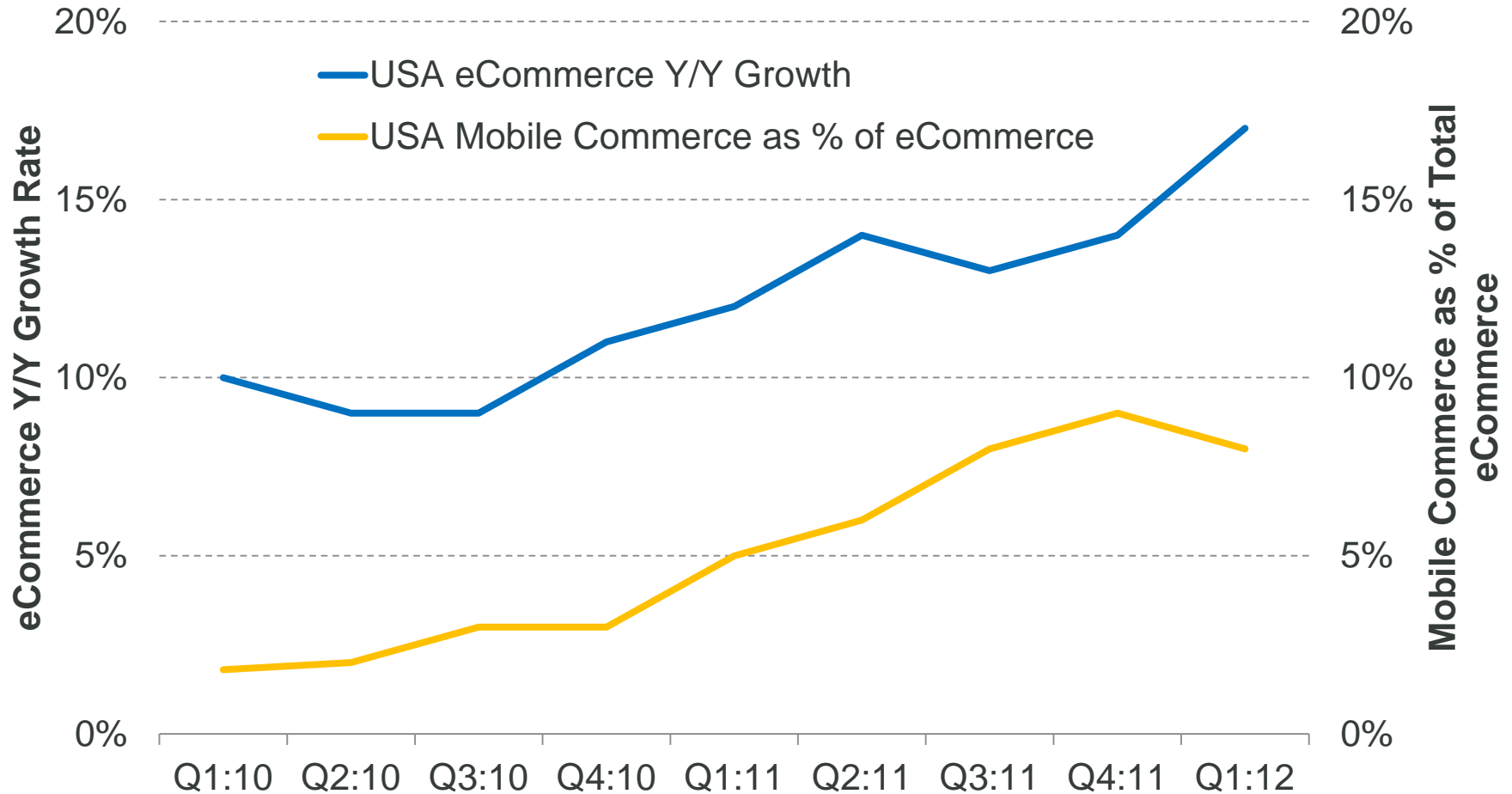
# Good News = Global Mobile Traffic Growing Rapidly to 10% of Internet Traffic

Global Mobile Traffic as % of Total Internet Traffic, 12/08 – 5/12

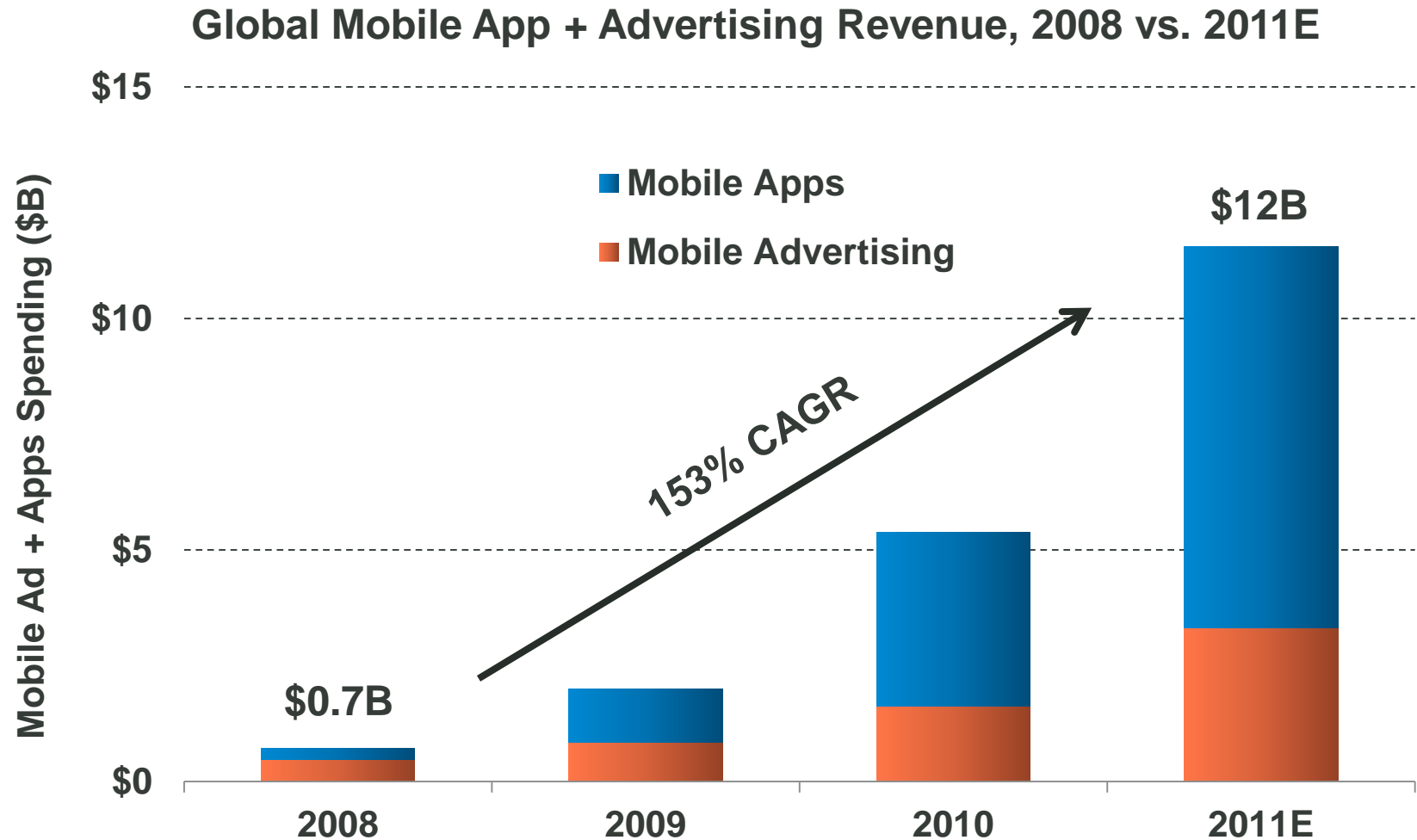


# Good News = Mobile @ 8% of USA eCommerce & Helping Accelerate Growth

**USA eCommerce Y/Y Growth vs. Mobile Commerce as % of Total eCommerce, Q1:10 – Q1:12**

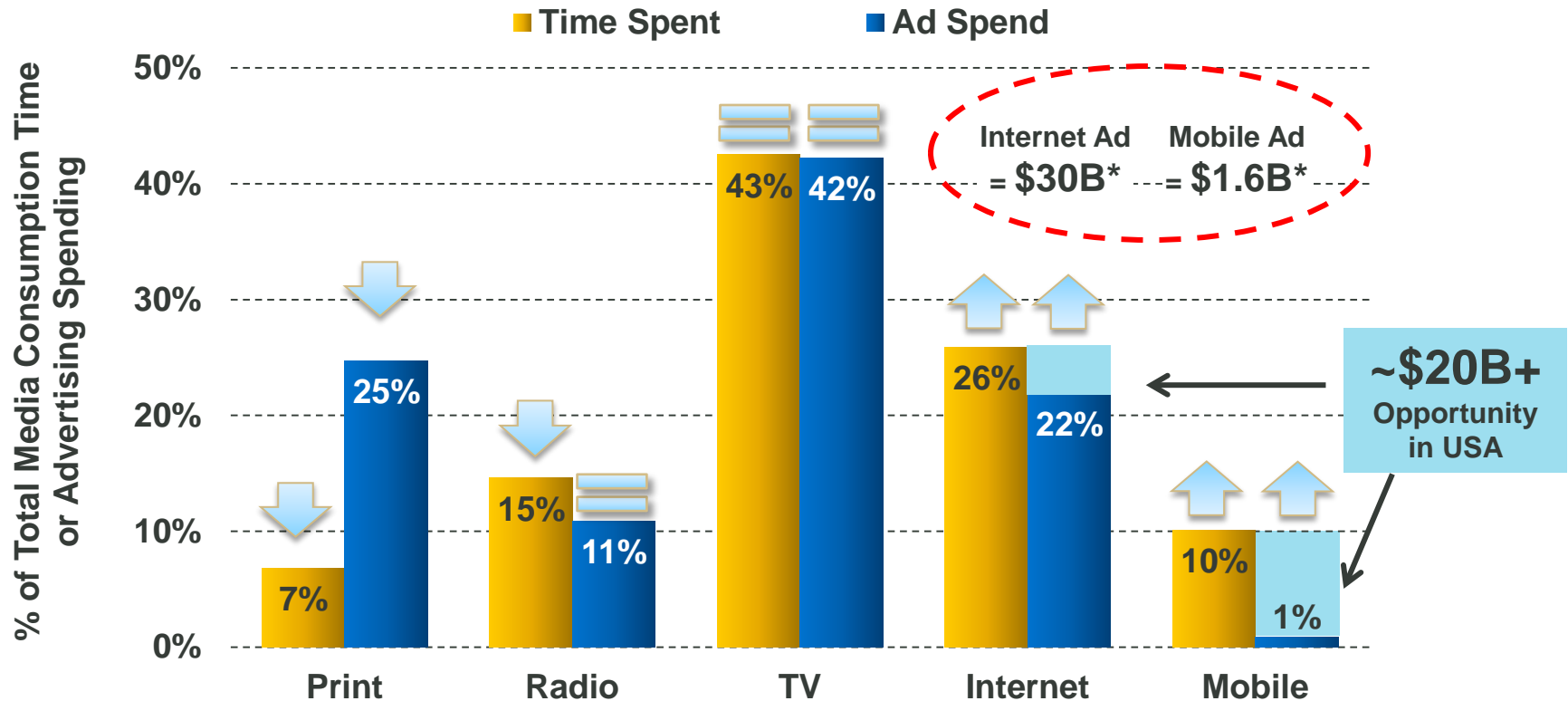


# Good News = Mobile Monetization Growing Rapidly (71% Apps, 29% Ads)



# Good News = Material Upside for Mobile Ad Spend vs. Mobile Usage

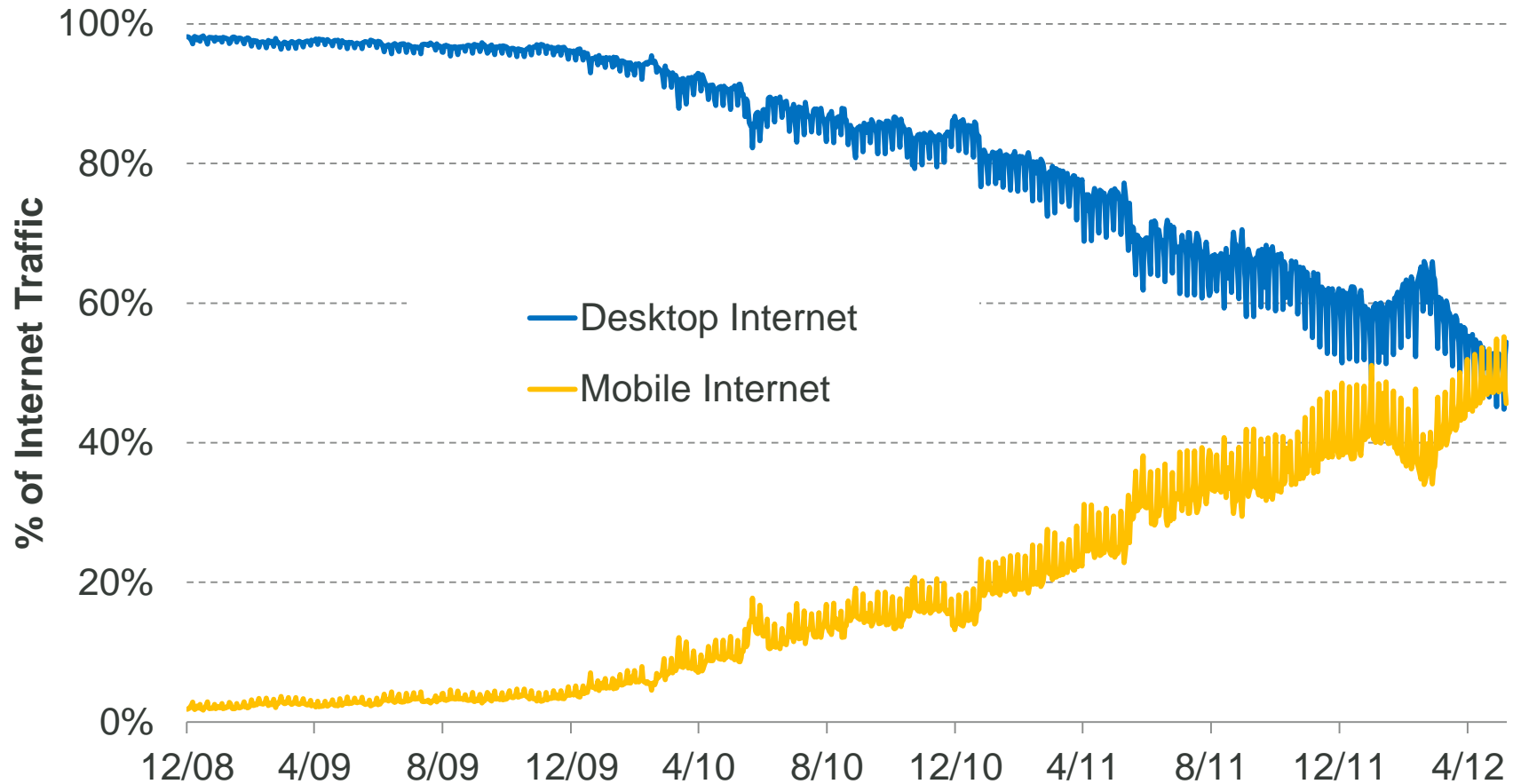
## % of Time Spent in Media vs. % of Advertising Spending, USA 2011



Note: \*Internet (excl. mobile) advertising reached \$30B in USA in 2011 per IAB, Mobile advertising reached \$1.6B per IAB. Print includes newspaper and magazine. \$20B opportunity calculated assuming Internet and Mobile ad spend share equal their respective time spent share. Source: Time spent and ad spend share data eMarketer, 12/11, Internet and mobile ad dollar spent amount per IAB.

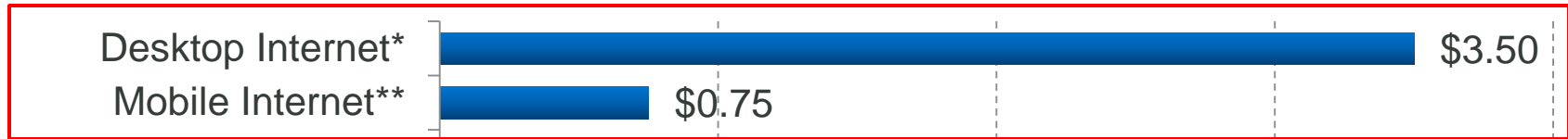
# Good / Bad News – Rapidly Growing Mobile Internet Usage Surpassed More Highly Monetized Desktop Internet Usage in May, 2012, in India

## India Internet Traffic by Type, Desktop vs. Mobile, 12/08 – 5/12

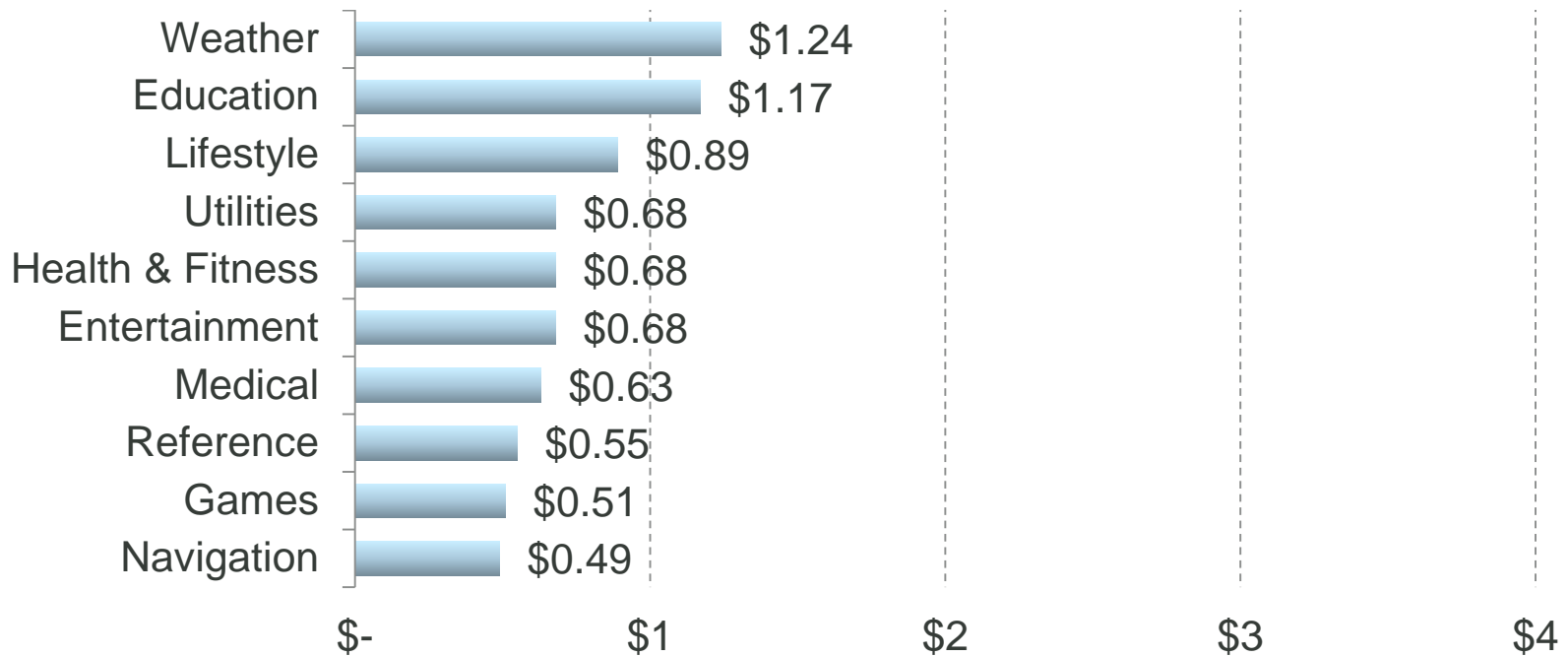


# Bad News = eCPMs 5x Lower on Mobile than Desktop

## Effective CPM, Desktop Internet\* vs. Mobile Internet\*\*



## Mobile eCPM by Category



# Bad News = ARPU (Average Revenue per User) 1.7-5x Lower on Mobile than Desktop

<u>Company</u>	<u>ARPU Definition</u>	<u>Desktop ARPU</u>	<u>Mobile ARPU</u>	<u>Desktop ARPU / Mobile ARPU</u>
<b>Pandora</b>	Ad Revenue per User (Trailing 12-Month)	\$6.62	\$3.87	1.7x
<b>Tencent</b>	Revenue per Paying User (Annualized)	\$58.95	\$17.61	3.3x
<b>Zynga</b>	Bookings per Daily Active User (Annualized)	\$25.00	\$5.00*	5.0x



# Google – Mobile Growth Helping Boost Clicks but Reducing Cost per Click thus Constraining Revenue Growth

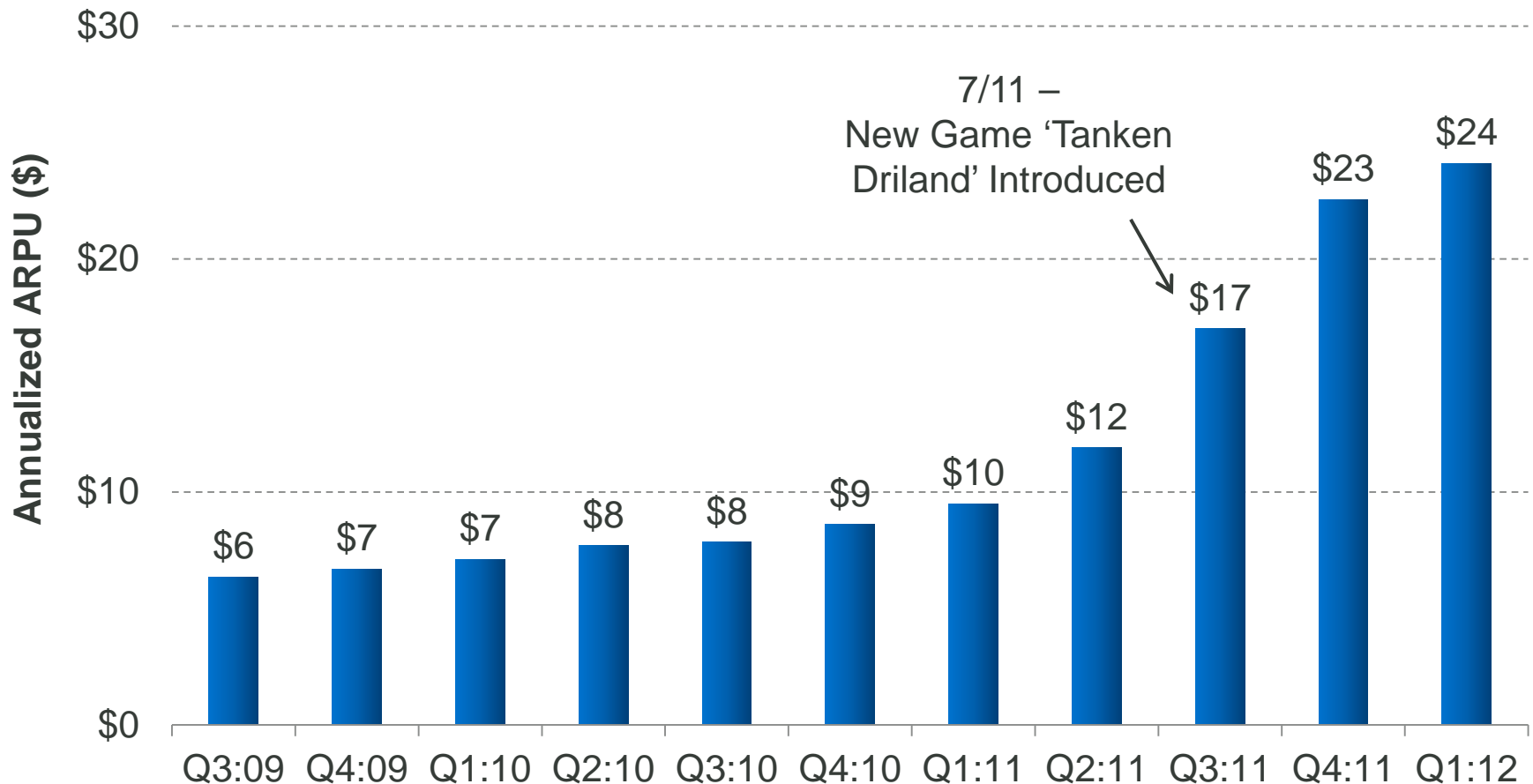
	Q1:11	Q2:11	Q3:11	Q4:11	Q1:12
<b>Gross Advertising Revenue (\$MM)</b>	<b>\$8,306</b>	<b>\$8,716</b>	<b>\$9,335</b>	<b>\$10,174</b>	<b>\$10,225</b>
<i>Y/Y Growth</i>	<i>28%</i>	<i>33%</i>	<i>33%</i>	<i>25%</i>	<i>23%</i>
<b>Aggregate Paid Clicks (MM)</b>	<b>15,245</b>	<b>15,004</b>	<b>16,876</b>	<b>19,661</b>	<b>21,116</b>
<i>Y/Y Growth</i>	<i>17%</i>	<i>18%</i>	<i>28%</i>	<i>35%</i>	<i>39%</i>
<b>Cost per Click (CPC - \$)</b>	<b>\$0.54</b>	<b>\$0.58</b>	<b>\$0.55</b>	<b>\$0.52</b>	<b>\$0.48</b>
<i>Y/Y Growth</i>	<i>10%</i>	<i>12%</i>	<i>4%</i>	<i>(8%)</i>	<i>(12%)</i>
<i>Q/Q Growth</i>	<i>(3%)</i>	<i>7%</i>	<i>(5%)</i>	<i>(8%)</i>	<i>(6%)</i>

# Facebook – Mobile Growth Helping Drive Users but Containing ARPU thus Constraining Revenue Growth

	Q1:11	Q2:11	Q3:11	Q4:11	Q1:12
<b>Ad Revenue (\$MM)</b>	<b>\$637</b>	<b>\$776</b>	<b>\$798</b>	<b>\$943</b>	<b>\$872</b>
<i>Y/Y Growth</i>	87%	83%	77%	44%	37%
<b>Mobile Active Users (MAUs) (MM)</b>	<b>288</b>	<b>325</b>	<b>376</b>	<b>432</b>	<b>488</b>
<i>Y/Y Growth</i>	123%	110%	92%	76%	69%
<i>% of Total MAUs</i>	42%	44%	47%	51%	54%
<b>Annualized Ad ARPU (\$)</b>	<b>\$3.96</b>	<b>\$4.37</b>	<b>\$4.15</b>	<b>\$4.59</b>	<b>\$4.00</b>
<i>Y/Y Growth</i>	15%	18%	19%	1%	1%
<i>Q/Q Growth</i>	(13%)	11%	(5%)	11%	(13%)

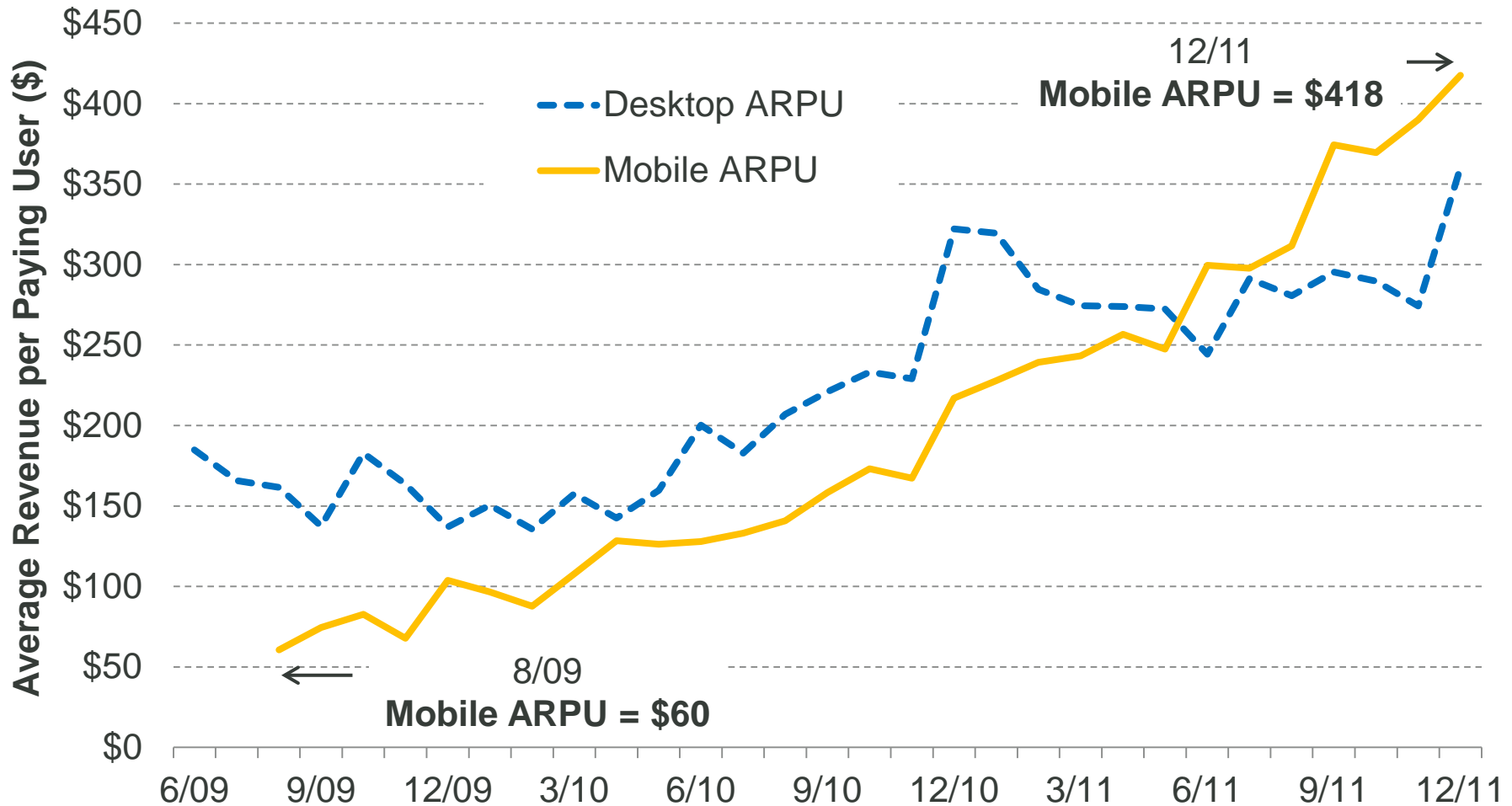
# Good News = Mobile ARPU Can Rise Rapidly, as Evincend by Japan Mobile Game Maker GREE

**GREE Annualized Mobile ARPU (per Registered Member),  
Q3:09 – Q1:12**



# Good News = Mobile ARPU Should Surpass Desktop ARPU, as Evinced by Japan Mobile Game Maker CyberAgent

**CyberAgent Ameba Annualized ARPU\* (Per Paying User),  
Desktop vs. Mobile, 6/09 – 12/11**



# Mobile Monetization Good News = Desktop Internet Proved Ad \$ Follow Eyeballs, it Just Takes Time

	1995E	2011E
Global Internet Ad Revenue	\$55MM	\$73B
Ad Revenue per User	\$9	\$49
Global Internet Users	6MM	1.5B

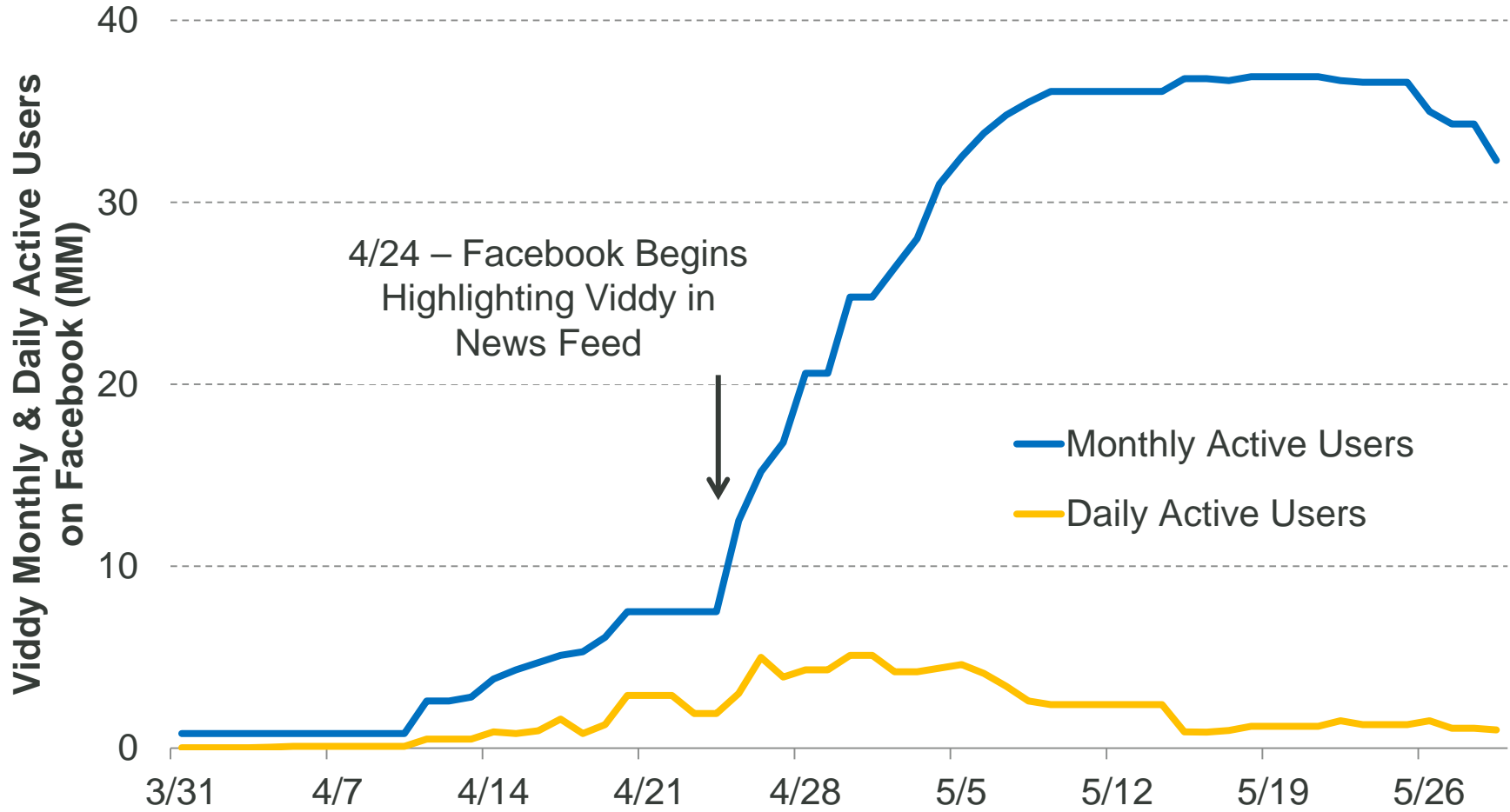
## Mobile Monetization has More Going for It than Early Desktop Monetization Had:

- Very Rapid User Growth
- **App + In-App Monetization (44% of apps are free, 56% of apps priced at \$3.77 average)**
- Rapid Growth of Mobile Commerce + Payment Systems
- **Large Number of Innovative Developers**
- **Broad Base of Sophisticated Advertisers + Marketers**
- **Highly Engaged Consumers Assisted by Social + Curation Tools**
- Rapid Acceptance of Two Device Platforms – Smartphones + Tablets
- ‘Essential Utility’ / Ultra Useful Apps Being Created
- **Lessons from Developed Mobile Markets like Japan – Using Japanese Market Pattern Recognition, Mobile Monetization Levels in USA Could Surpass Desktop Within 1-3 Years**

# *PLATFORM FIRE HOSES*

# Facebook Open Graph Distribution – Example of Onboarding 17MM New Users in 7 Days\*

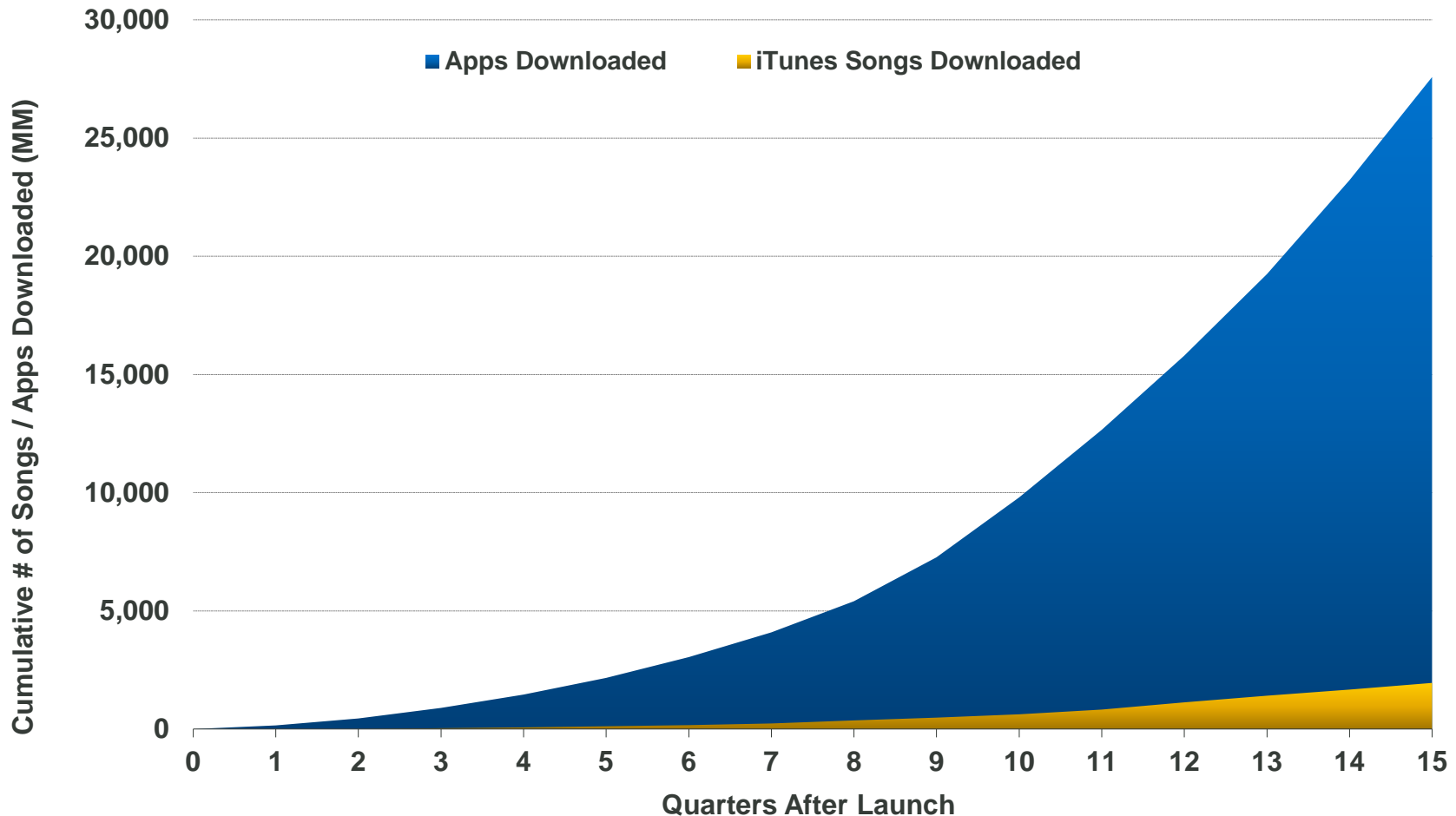
Viddy Monthly Active Users (MAU) and Daily Active Users (DAU) on Facebook Platform, 3/31/12 – 5/29/12



Note:\* Viddy added 17MM new monthly active users between 4/24 (when Facebook began highlighting Viddy in the newsfeed) and 5/1.  
Source: AppData.

# Apple App Store Distribution – iTunes App Store Driving 46MM+\* Downloads per Day

First 15 Quarters Cumulative # of Downloads, iTunes Music vs. Apps



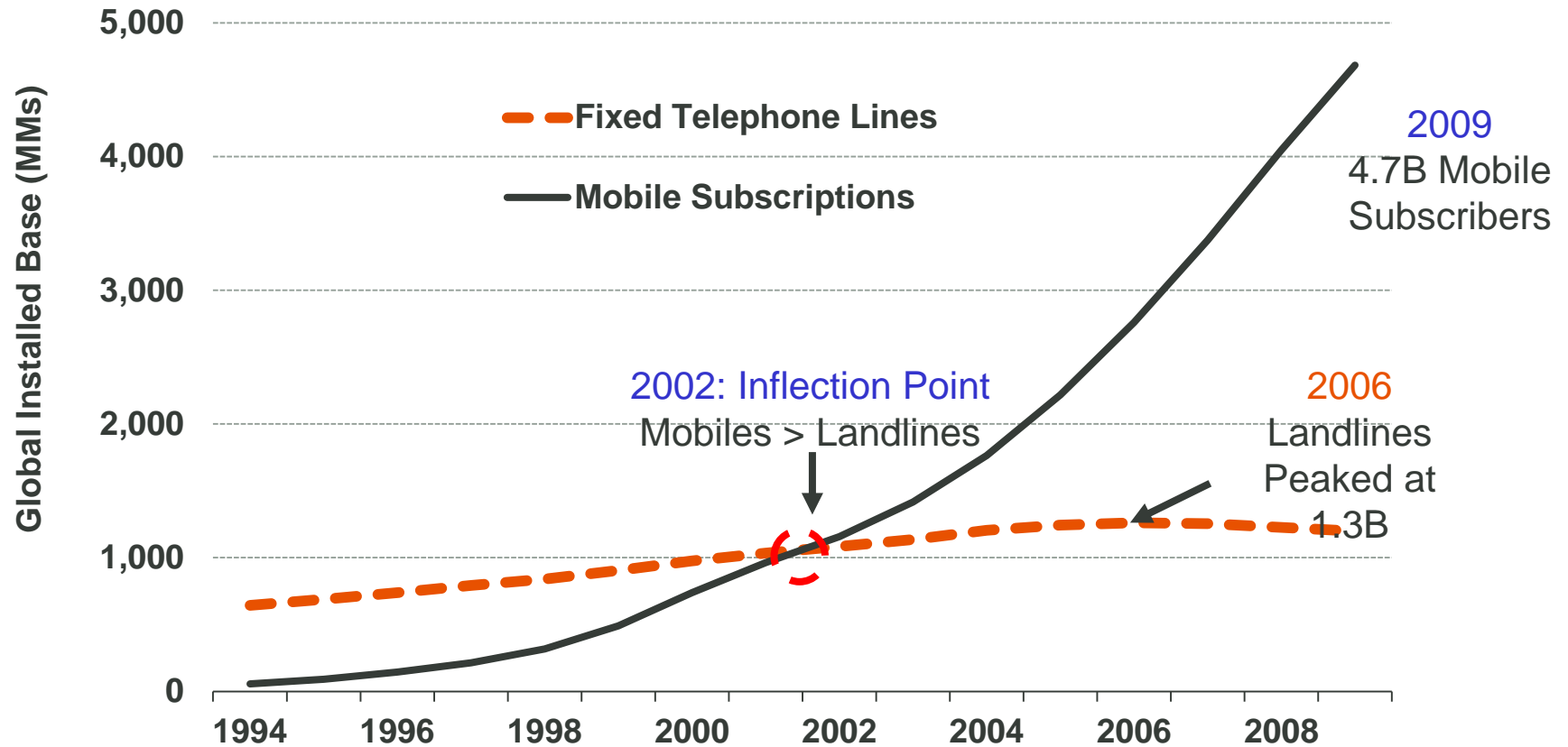
Note: \* 46MM daily app downloads calculation based on days between Apple announced milestones (18B downloads as of 10/4/11 and 25B downloads as of 3/5/12). iTunes Music store launched in CQ2:03, App Store launched in CQ3:08. Source: KPCB estimates based on Apple data, as of CQ1:12.



**RE-IMAGINATION OF NEARLY  
EVERYTHING\* –  
POWERED BY NEW DEVICES +  
CONNECTIVITY + UI + BEAUTY –  
WHERE WE ARE NOW...**

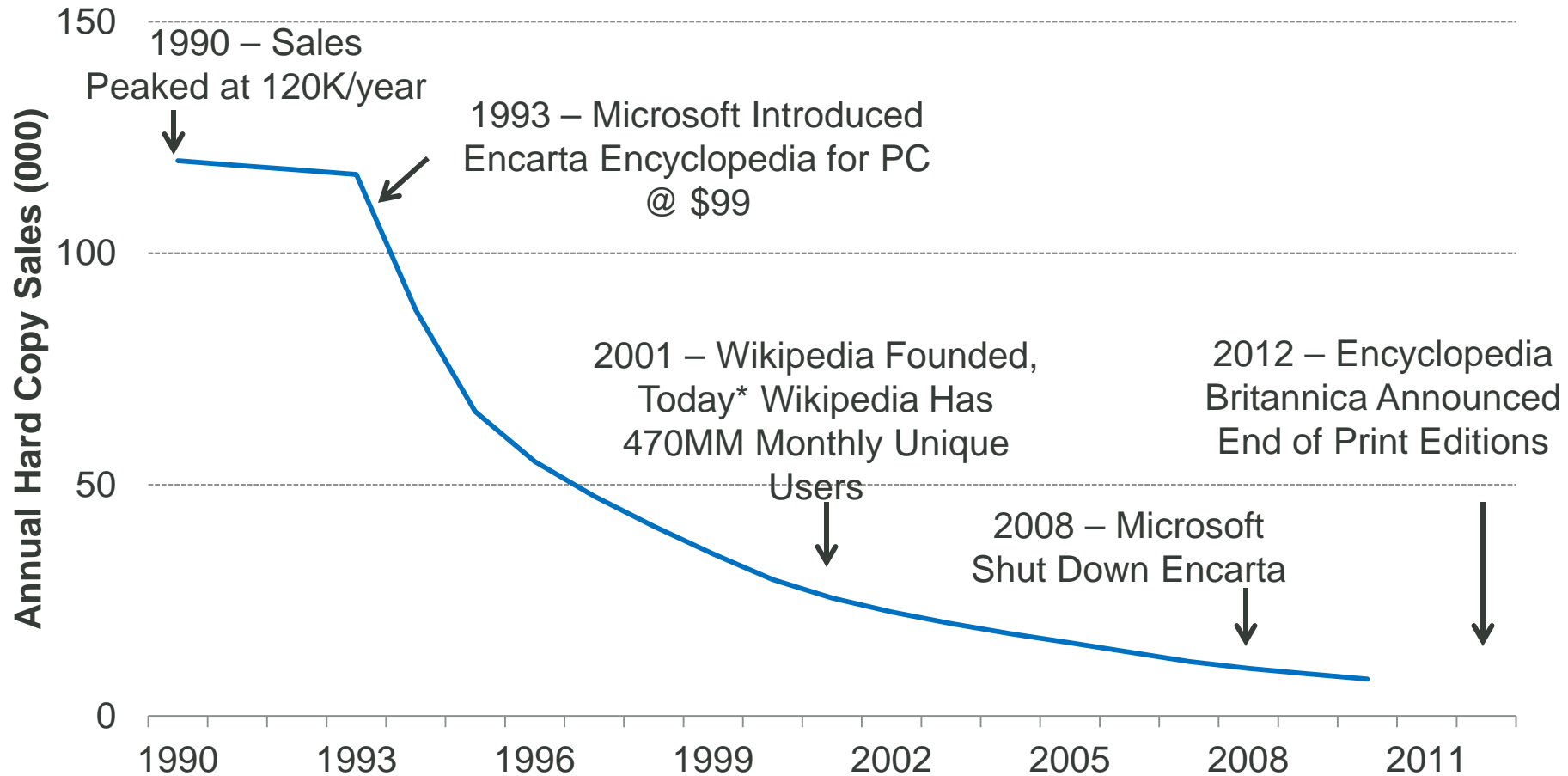
# First Generation of Re-Imagination - After 125 Years, Landlines Were Surpassed by Mobiles in 2002

Global Fixed Telephone Lines vs. Mobile Subscriptions, 1994 - 2009



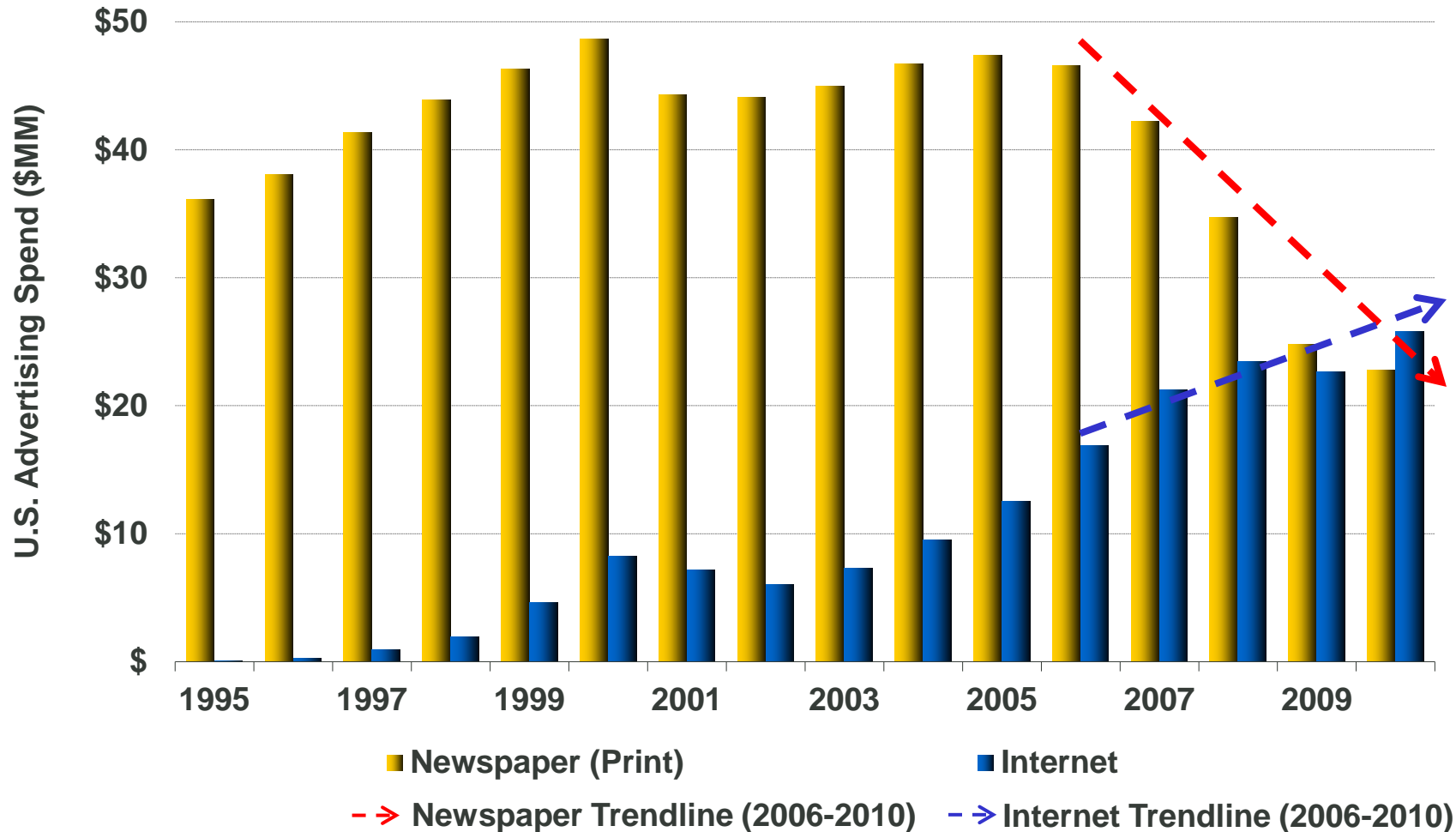
# First Generation of Re-Imagination – After 244 Years, Encyclopedia Britannica is Going Out of Print in 2012

## Encyclopedia Britannica Hard Copy Sales, 1990 – 2011



# First Generation of Re-Imagination – After 305 Years,\* Newspaper Ad Revenue Was Surpassed by Internet in 2010

## U.S. Newspaper (Print) Advertising vs. Internet Advertising Spending, 1995 - 2010



Note: \*America's first newspaper ad appeared in 1704 in a Boston local newspaper, per AdAge. Internet advertising includes online newspaper advertising. Source: Print newspaper ad spending per Newspaper Association of America (NAA); Internet ad spending per Interactive Advertising Bureau (IAB).

# Re-Imagination of Computing Devices...

**THEN...**  
(Desktops / Notebooks)



**NOW...**  
(Tablets / Smartphones)



# Re-Imagination of Connectivity...

**THEN...**



**NOW...**



# ...Re-Imagination of Connectivity

*We hope to rewire the way people spread and consume information...We think a more open and connected world will help create a stronger economy with more authentic businesses that build better products and services.*

- Mark Zuckerberg, Founder / CEO, Facebook  
Letter to Potential Shareholders, May 2012



# Re-Imagination of Life Stories...

## THEN...

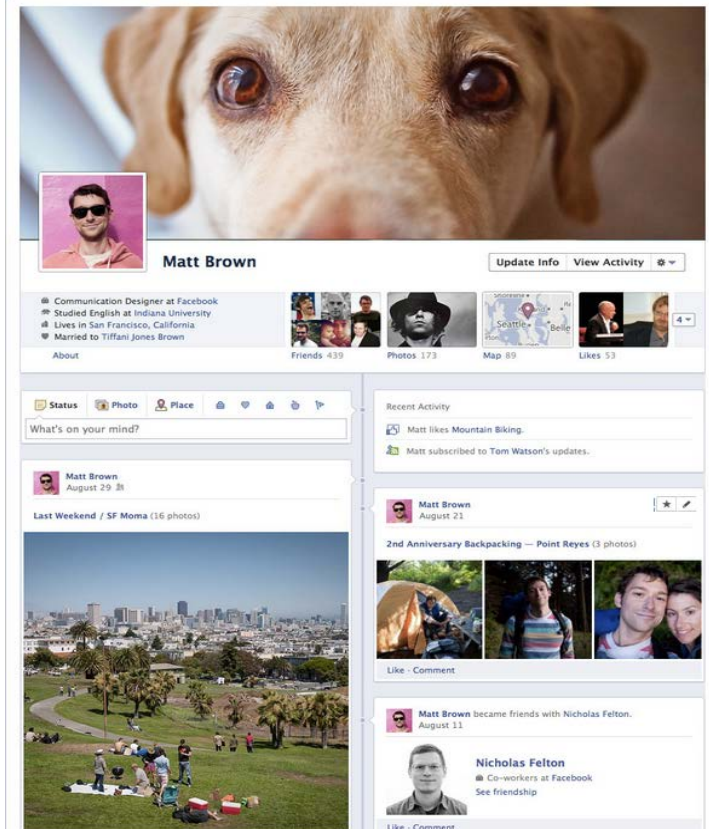
Biographies / Item Exhibitions For  
Famous People or Loved Ones



## NOW...

(Facebook Timeline)

Broad Personalized Media Discovery Feed /  
Automatically Created / Widely Accessible





# Re-Imagination of News + Information Flow...

## THEN...

Delayed / Dedicated Reporters + Cameramen /  
Regional or National Reach



## NOW...

(Twitter)

Real-Time / Citizen Reporting via  
Mobile Devices / Global Reach



# Re-Imagination of Note Taking...

**THEN...**

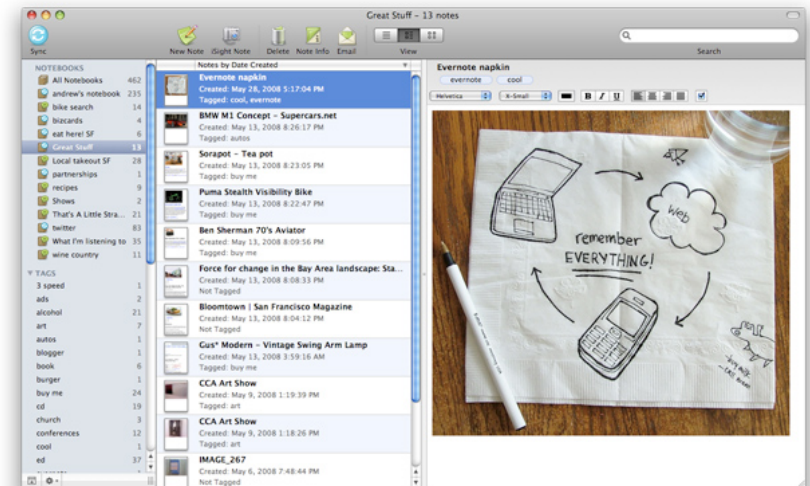
Pencil + Notepad



**NOW...**

(Evernote)

Always Synced / Multi-Device /  
Picture + Audio Enabled / Searchable



# Re-Imagination of Drawing...

## THEN...

Dedicated Canvas / Paint Supplies / Studios  
/ Limited Distribution



## NOW...

(Paper by Fiftythree...)  
Reusable Canvas (Screen) / Creating Art  
Anywhere Anytime / Digitally Enhanced  
Creation Tools / Instant Sharing





# Re-Imagination of Photography...

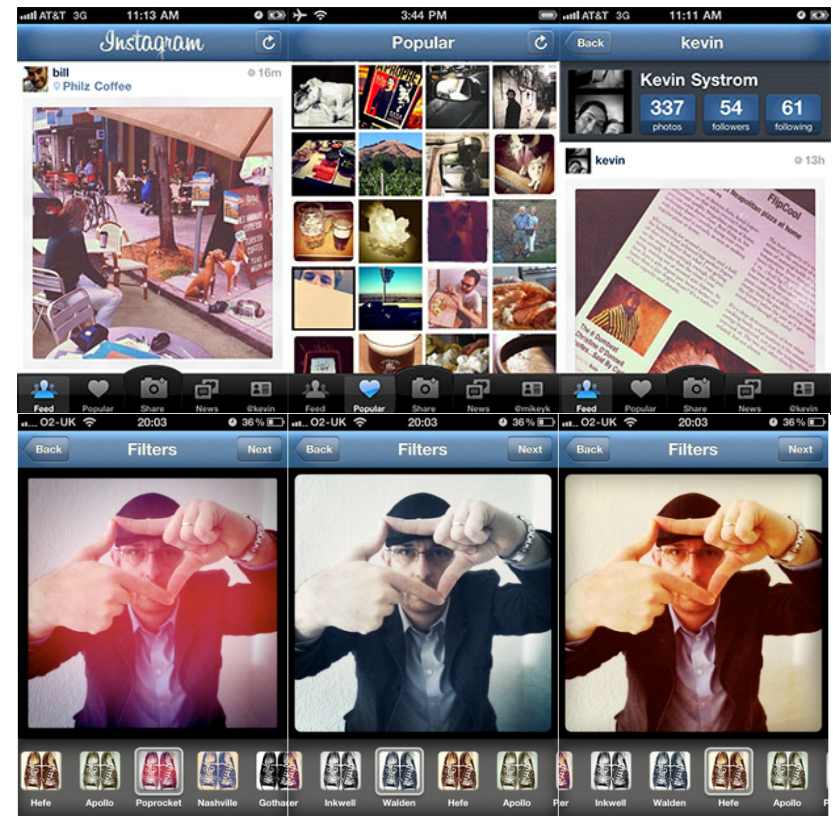
## THEN...

Dedicated Camera / Manually  
Transfer Digital Files / Develop Films



## NOW...

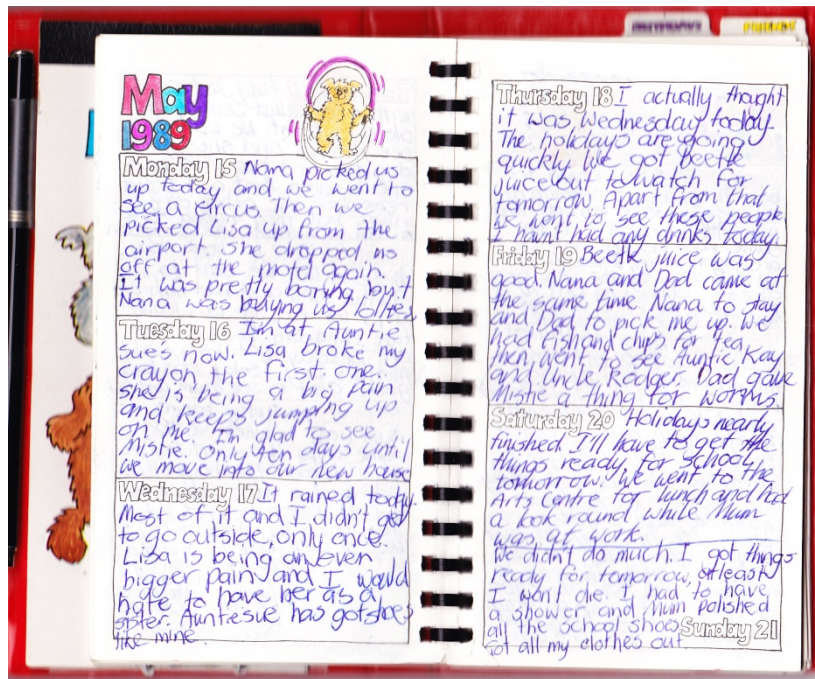
(Instagr.am / Camera+ / Hipstamatic...)  
Always With You Camera (Smartphone) /  
Instant Digital Effects / Share / Sync / Discover



# Re-Imagination of Diaries...

## THEN...

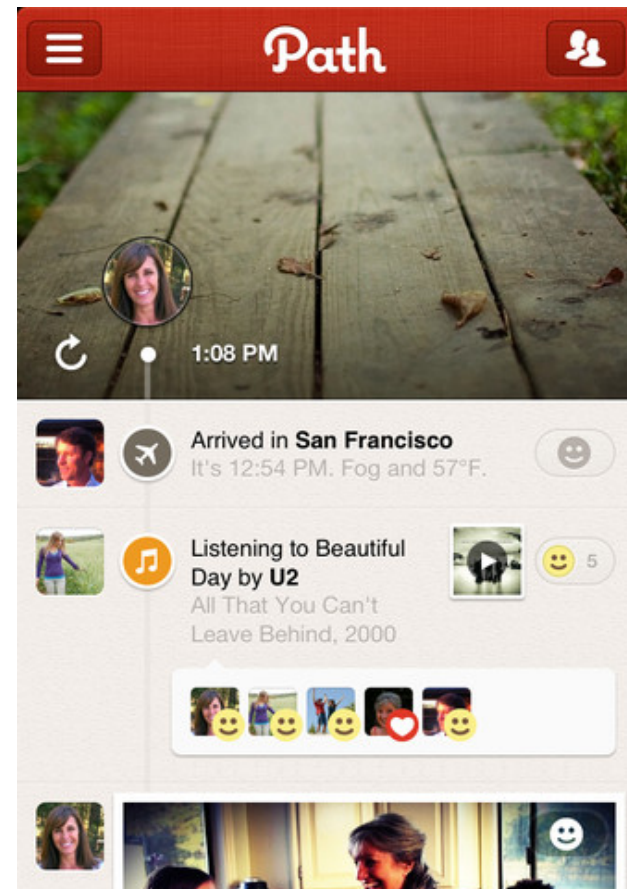
Hand-Written / Drawn



## NOW...

(Path)

One-Tap to Add Entry / Multimedia /  
Location-Aware / Share / Search





# Re-Imagination of Scrapbooking / Aspiration...

## THEN...

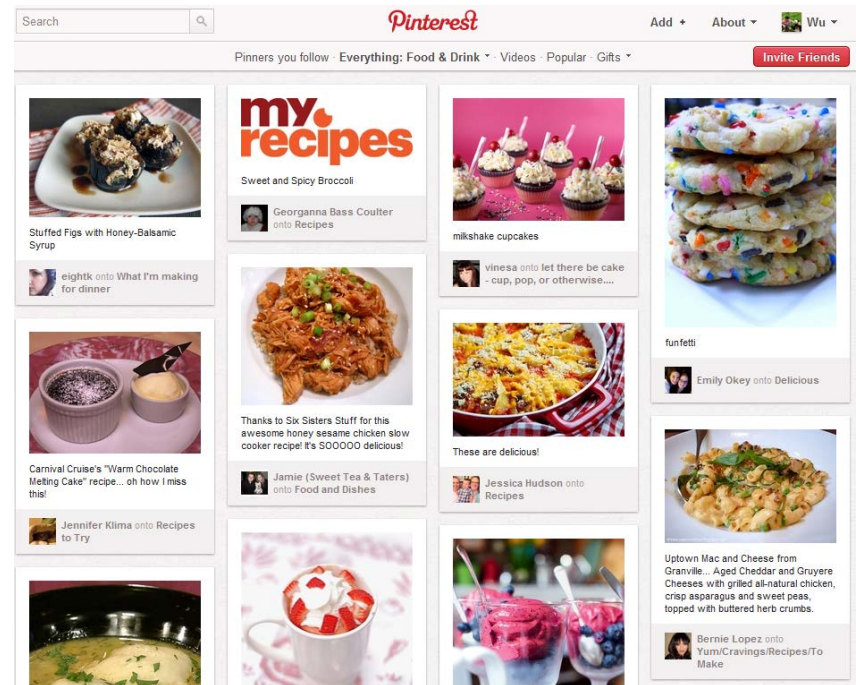
Paper / Scissors / Glue



## NOW...

(Pinterest)

One-Click to Pin / Share /  
Follow / Always Accessible



# Re-Imagination of Magazines...

## THEN...

Piles of Print Copies



## NOW...

(Flipboard)

More Content / Always Up-To-Date /  
Personalized / Access Everywhere /  
Interactive (Video + Audio) / Share

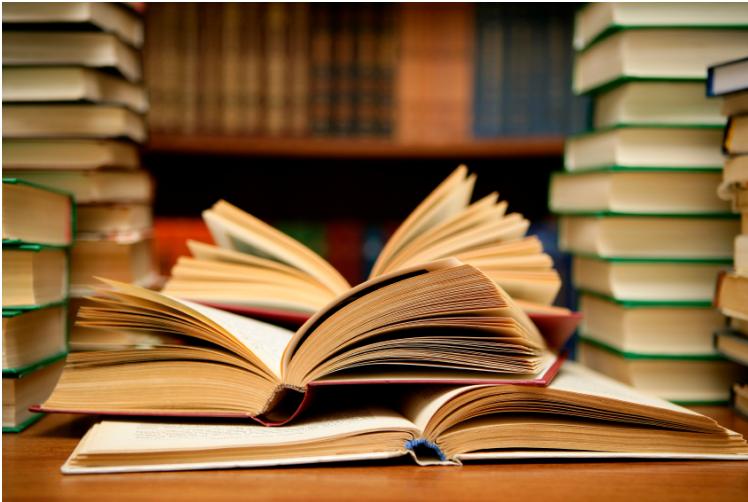


Your new  Flipboard

Instagram. Social search. Speed.

# Re-Imagination of Books...

**THEN...**



**NOW...**

(Amazon Kindle / Apple iBooks)

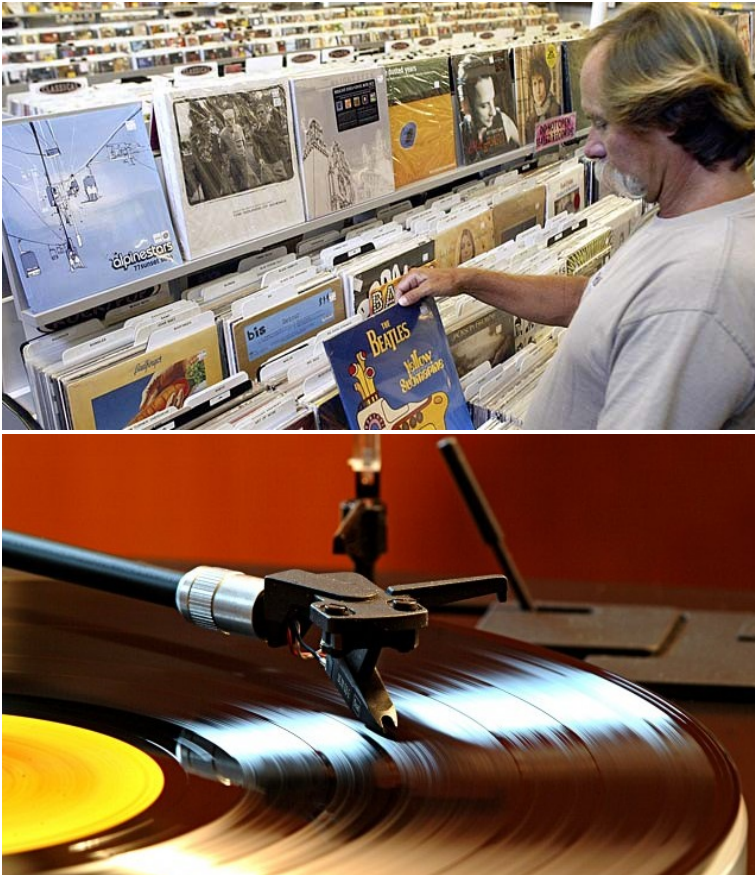




# Re-Imagination of Music...

## THEN...

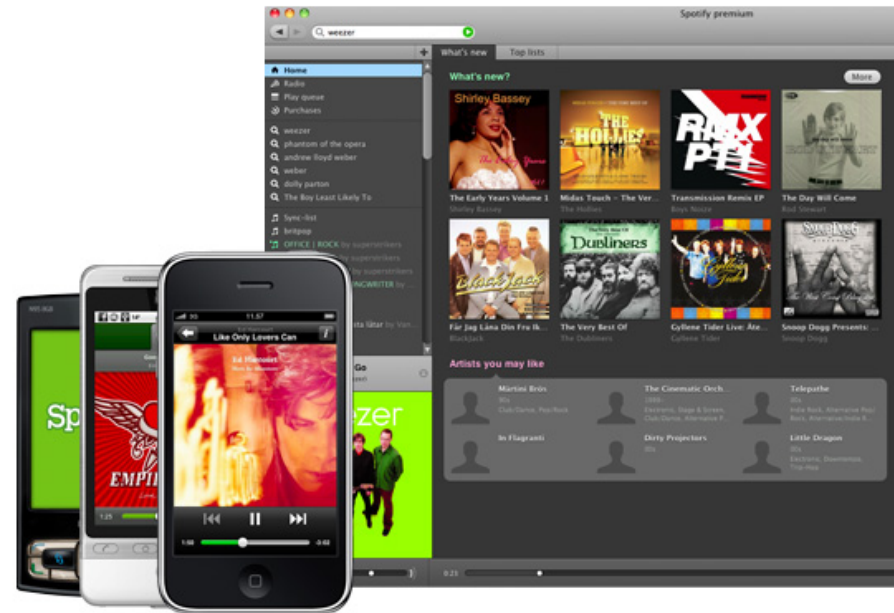
Buy Albums + CDs in Stores /  
Playback via Dedicated Players



## NOW...

(Spotify...)

Discovery of Music Through Friends + Experts /  
Instant On-Demand Streaming on Internet-  
Enabled Devices



# Re-Imagination of Sound...

## THEN...

Tape Recorder / Hard to Edit / Share



## NOW...

(SoundCloud)

Record / Edit / Upload / Playback Anywhere /  
Anytime / On Any Device / Playlist sharing /  
Discovery



# Re-Imagination of Artists / Concerts...

## THEN...

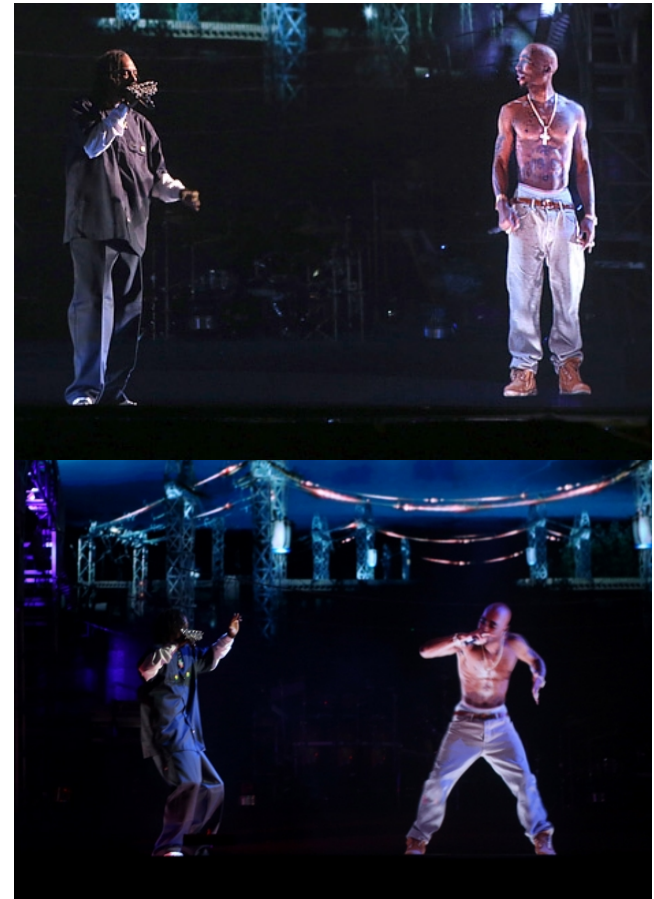
Big Screen Tributes



## NOW...

(Tupac @ Coachella...)

3D / Life-Like / Programmable Hologram /  
Bringing Past Icons Back to Life





# Re-Imagination of Video...

## THEN...

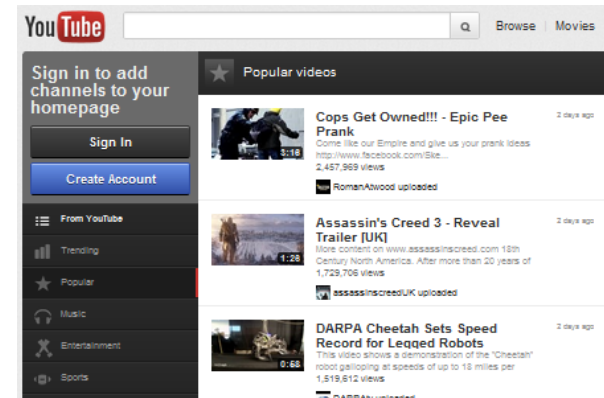
Physical Retail / Rental Stores



## NOW...

(YouTube / Netflix...)

On-Demand / Instant Streaming /  
Accessible Everywhere



# Re-Imagination of Video Creation / Production...

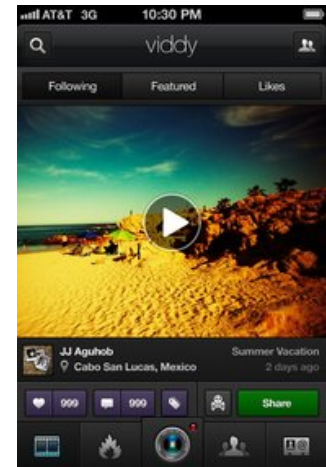
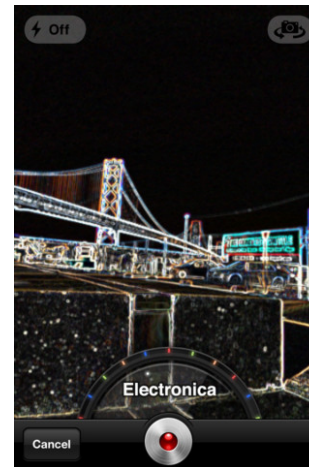
## THEN...

Dedicated Set / Camera /  
Lighting / Editing Equipment



## NOW...

(SocialCam / Viddy / GoPro...)  
Live Digital Effects / Wearable Recording  
Device / Real-Time Upload / Discovery



# Re-Imagination of Distribution + Monetization for 'Talent'...

## THEN...

(Glenn Beck on Fox News)



## NOW...

(GBTV - Digital)

With 300K Subscribers + Lower Production Costs,  
GB Making Materially More Money

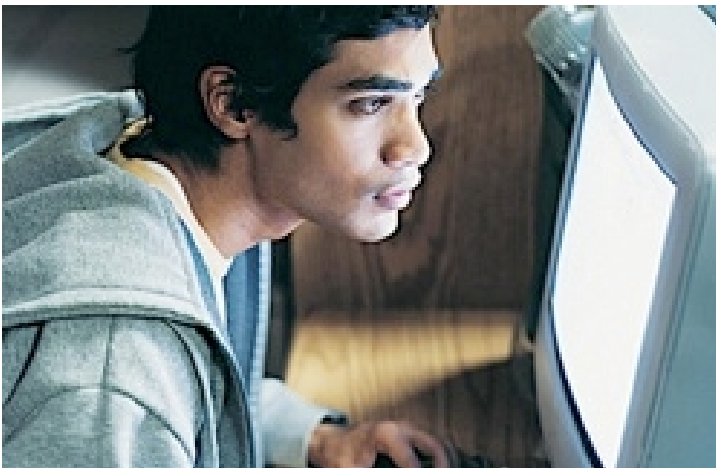
A screenshot of the GBTV website. The header features the GBTV logo with the tagline 'The truth lives here.' and a search bar. Navigation links include SHOWS, SCHEDULE, VIDEO, BLOG, ABOUT, and HOW TO. The main content area has a 'WELCOME TO GBTV' heading, a video player showing a man speaking, and promotional text for GBTV Plus. The GBTV Plus section offers a 14-day free trial and two subscription options: a monthly plan for \$9.95/month and an annual plan for \$99.95/year, both with a 14-day free trial. The text 'GBTV Plus Features' is at the bottom.



# Re-Imagination of Home Entertainment...

## THEN...

Lean Back / Lean Forward



## NOW...

(Chill...)

Curl Up – Visual Layout / Social Discovery /  
Distribution / Interaction



# Re-Imagination of TV...

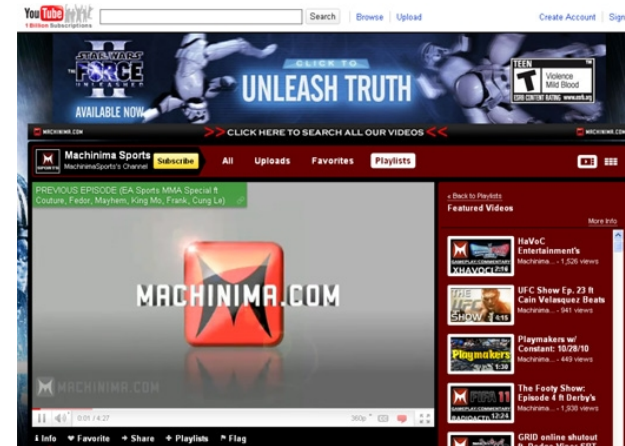
## THEN...

Linear Programming / Pre-Set Channels /  
Little Control Over Content



## NOW...

(YouTube Channels / Bleacher Team Stream...)  
On Demand Personalized Content on Big Screen





# Re-Imagination of Communication...

## THEN...

Dedicated Devices / Limited  
Function & Range / Intrusive



## NOW...

(Voxer...)

Push-To-Talk / Voice Message /  
Picture / Text / Location / Group Chat



# Re-Imagination of Navigation + Live Traffic Info...

## THEN...

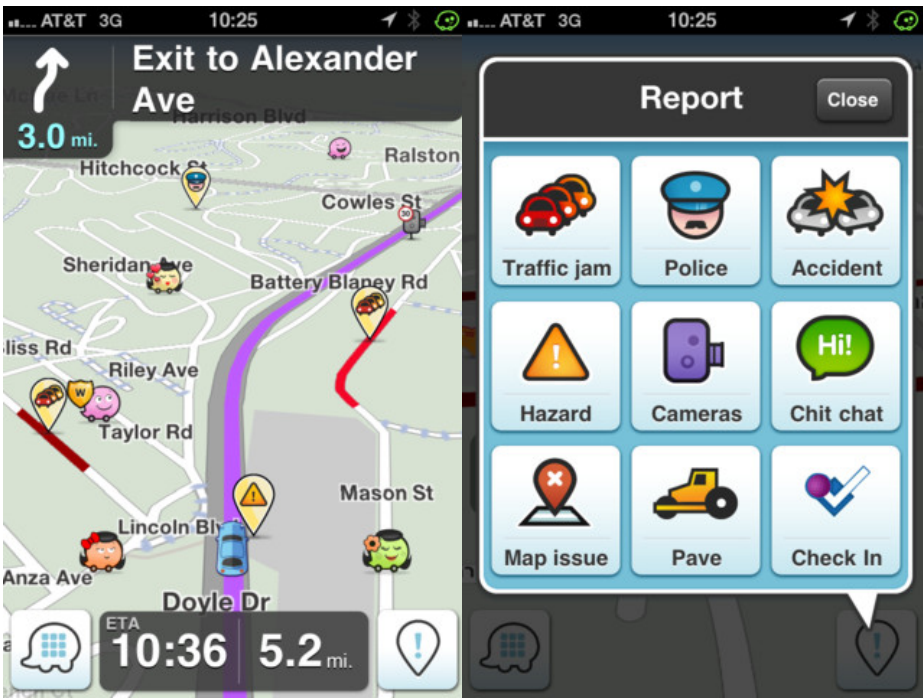
Physical Copies of Map in Car /  
TV, Radio Reporting of Traffic Info



## NOW...

(Waze)

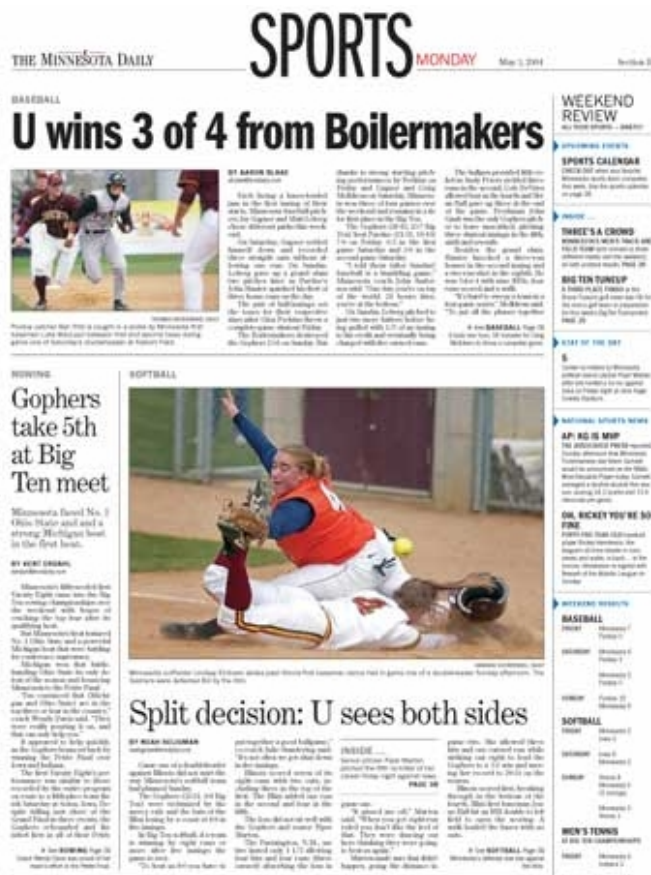
User-Generated Digital Map /  
Live Crowd-Sourced Traffic Data



# Re-Imagination of Sports Info...

## THEN...

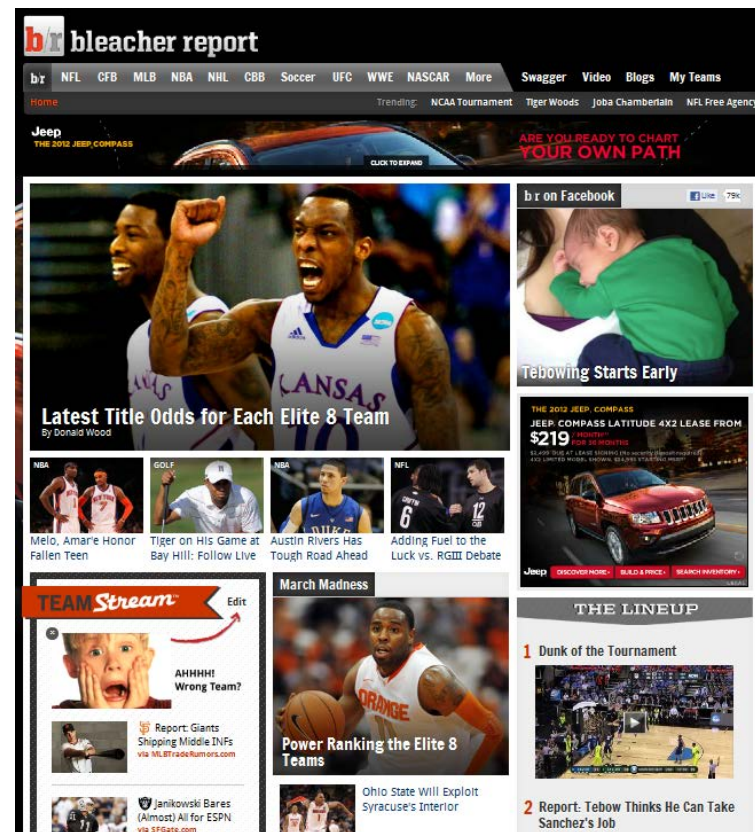
Professional Commentators / Reporters /  
Limited Coverage & Reach



## NOW...

(Bleacher Report)

Anyone Can Be a Contributor / Opinion-Oriented  
Analysis / Multimedia / Social & Mobile Enabled





# Re-Imagination of Home Improvement...

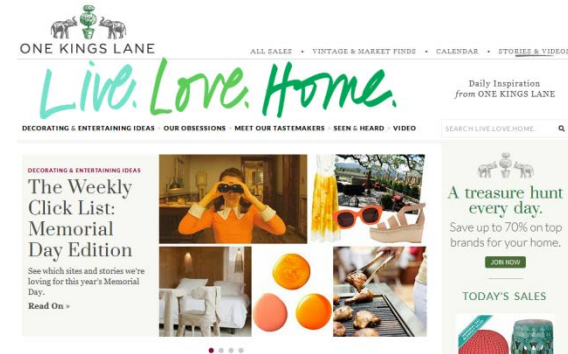
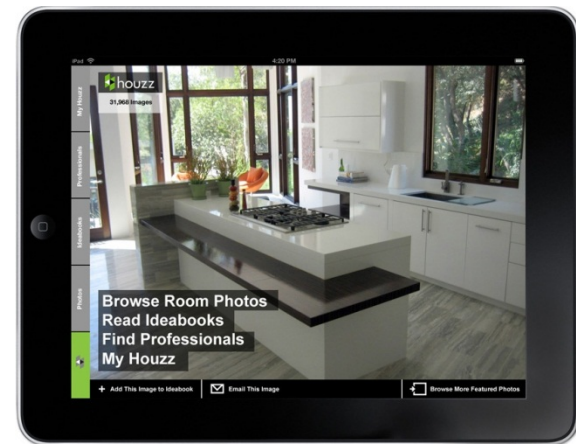
## THEN...

Magazines / Cable TV Channels /  
Limited Interaction With Consumers



## NOW...

(Houzz / One Kings Lane...)  
Communication Platform for Designers &  
Consumers / Share / Discover & Click-And-Buy



# Re-Imagination of Calling a Cab...

## THEN...

Long Lines During Rush Hours /  
Rain / Some Areas May Not  
Have Taxis Roaming on Streets



## NOW...

(Uber)  
One-Tap Taxi Call /  
Location-Aware / Electronic Payment



# Re-Imagination of Cars...

## THEN...

Gasoline / Diesel Powered Internal Combustion Engine With Exhaust



## NOW...

(Hybrid / Electric Cars)

Plug-in Electrical Powertrain / Regenerative Brake /  
Solar Panel Roof / Little-to-Zero Emission





# Re-Imagination of Yellow Pages...

## THEN...

Big Heavy Printed Business Listings / No Reviews / No Easy Search Feature



## NOW...

(Yelp...)

User Reviews / Pictures / Recommendations / Location-Aware / Easily Searchable



# Re-Imagination of Coupons + Local Services...

## THEN...

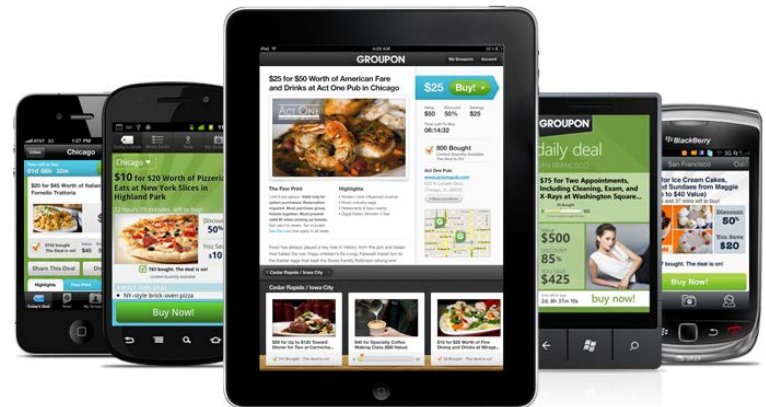
Non-Personalized / Smaller Discounts /  
Easily Lost or Forgotten



## NOW...

(Groupon...)

Personalized / Location-Aware /  
Instant Deals / Group-buying Discount





# Re-Imagination of Getting Food Quickly...

## THEN...

Permanent Store Locations



## NOW...

(Kogi Food Truck...)  
~100K Twitter Followers /  
Real-Time Location Updates



# Re-Imagination of Cash Registers...

## THEN...

Big + Odd Looking Machines /  
Receipt Printers Cash Drawers



## NOW...

(Square)

Simple + Elegant Tablet + Square Reader /  
Email Receipts / Touch Signing



# Re-Imagination of Window Shopping...

THEN...



Layla Morgan Wilde

NOW...

(One Kings Lane / Fab)  
Click & Buy

The screenshot shows the One Kings Lane website interface. At the top, there's a navigation bar with links like 'Welcome Jason!', 'Invite Friends, Get \$45', 'My Account', and 'Shopping Cart (0)'. Below this is the 'ONE KINGS LANE' logo and a secondary navigation bar with 'ALL SALES', 'UPCOMING SALES', and 'Get Inspired'. The main content area features a large banner for 'The Foyer' sale, which is described as 'FIVE ROOMS IN FIVE DAYS'. The banner includes a photo of a room and text about the sale. Below the banner is a 'SHOP NOW!' button and a message: 'MOVE YOUR CURSOR OVER ANY DOT TO PURCHASE THE ITEMS YOU LOVE IMMEDIATELY.' The website also has a 'Fab.' section with a navigation bar for 'Feed', 'Calendar', 'Inspiration', 'Invite', and 'Smile'. Below this is a search bar and a list of categories: 'Art', 'Furniture & Lighting', 'Gifts & Gadgets', 'Home', 'Kids', 'Kitchen & Pantry', 'Men's', 'Pets', and 'Women's'. There's also a 'Sale Ends in 6 days and 14 hours' countdown timer and a 'Share this sale and earn cash' button. The bottom section features a 'New!' announcement and a 'Shop With Your Facebook Friends' button. The main product featured is 'Amitrani Contemporary Home Furnishings' by Roberto and Stefano Truzzolillo, which includes a photo of a chair and text about the brand's philosophy.

ONE KINGS LANE

ALL SALES | UPCOMING SALES | *Get Inspired*

The Foyer  
SALE STARTS in 2 Days, 12 Hours | [remind me](#) | [Share this sale, Earn \\$25 when friends buy](#) [f](#) [o](#)

FIVE ROOMS IN FIVE DAYS  
**The Foyer**  
Your foyer is the first impression of your home. You need it to set the stage. Read on to learn how the right pieces and some simple style tweaks can create a welcome update to your entryway.  
Want an elegant greeting? A classic demilune table flanked by romantic sconces and paired with a stately gilded mirror conveys a sophisticated, traditional elegance, yet extends a warm welcome to all who enter.

**SHOP NOW!** MOVE YOUR CURSOR OVER ANY DOT TO PURCHASE THE ITEMS YOU LOVE IMMEDIATELY.

**Fab.** [Feed](#) [Calendar](#) [Inspiration](#) [Invite](#) [Smile](#) [Search](#) [waling](#)

[Art](#) [Furniture & Lighting](#) [Gifts & Gadgets](#) [Home](#) [Kids](#) [Kitchen & Pantry](#) [Men's](#) [Pets](#) [Women's](#) [9 people faved Moon Rocks V-neck, Black](#)

**Sale Ends in 6 days and 14 hours** [Share this sale and earn cash](#) [f](#) [o](#) [Like](#) [12](#)

**New!** [Try it Out!](#) [Shop With Your Facebook Friends](#) [Learn more](#)

**Amitrani**  
Contemporary Home Furnishings  
Amitrani's stylish and practical **chairs, storage units and home accents** are crafted in new and unusual shapes that satisfy both rational and emotional needs. Sourced from sustainably managed forests, each piece **balances visual impact and function** with environmental responsibility.

**Roberto and Stefano Truzzolillo**  
"Amitrani products combine great Italian handicraft quality and new manufacturing technologies. We try to shape wood in new and unusual ways that almost gives it a sculptural character."  
— Roberto and Stefano Truzzolillo, Co-Founders and Designers



# Re-Imagination of Marketplaces...

## THEN...

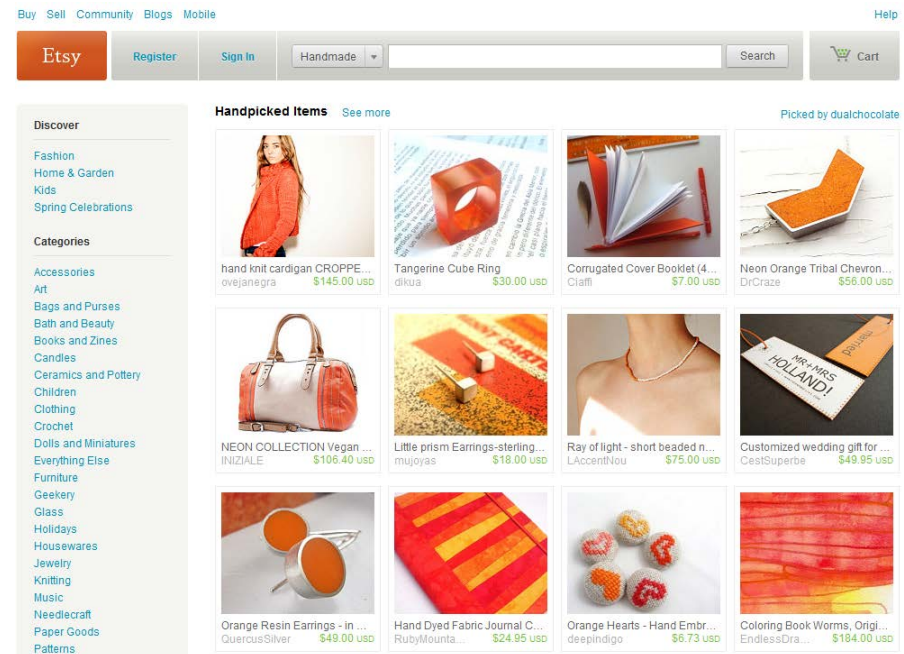
Tent + Pickup Truck @  
Street Fairs



## NOW...

(Etsy)

Integrated Platform For Listings / Advertising /  
Payment / Inventory Management



# Re-Imagination of Manufacturing...

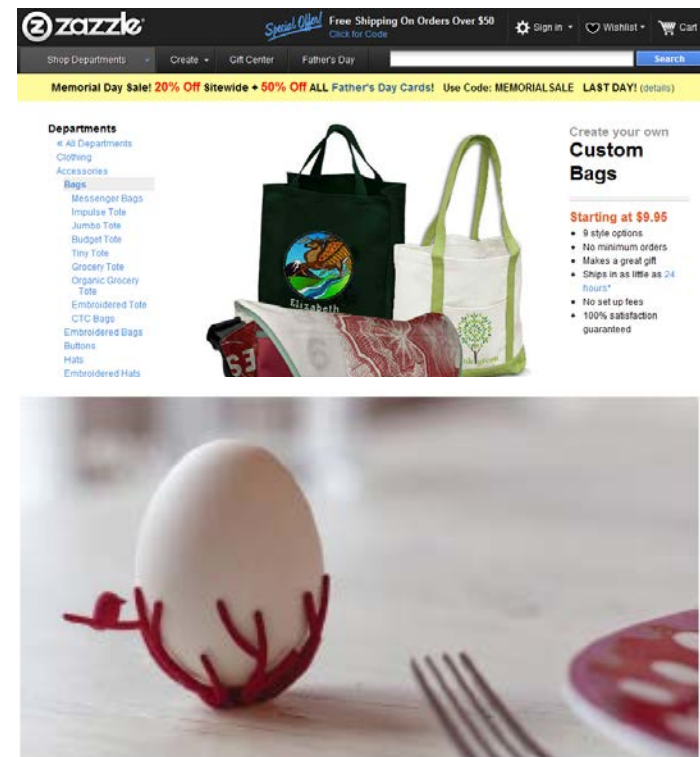
## THEN...

Mass Production of High-Volume  
Standardized Items



## NOW...

(Zazzle / Shapeways)  
Customized / Personalized Design / 3D Printing  
Process



# Re-Imagination of Instant Gratification / Personal Services...

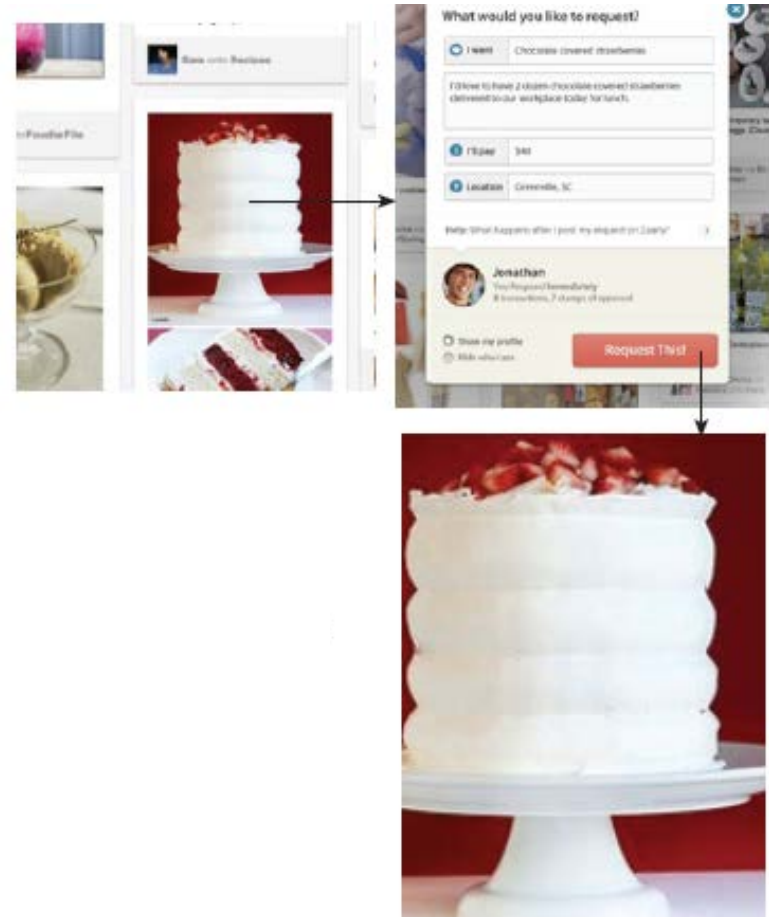
## THEN...

Mass Production of High-Volume  
Standardized Items



## NOW...

(Zaarly / TaskRabbit / Fiverr)  
One Click & Delivered to You





# Re-Imagination of Idea Building / Funding...

## THEN...

Flyers / Loudspeakers / Dinners / Checks



## NOW...

(KickStarter)  
Online / Social Distribution /  
Real-Time Progress

**KICKSTARTER** Discover great projects Start your project

### The HuMn Wallet - the best minimal RFID blocking wallet

A Design project in Portland, OR by Scott Hussa · [send message](#)

PROJECT HOME UPDATES 3 BACKERS 1973 COMMENTS 445 REMIND ME

**1,973** BACKERS  
**\$155,597**  
PLEDGED OF \$66,000 GOAL  
**26** DAYS TO GO

THIS PROJECT WILL BE FUNDED ON MONDAY APR 2, 11:59PM EDT.

**BACK THIS PROJECT**  
\$1 MINIMUM PLEDGE

**PLEDGE \$25 OR MORE**  
6 BACKERS

**\*\*Newly Added\*\*** Additional Single Aluminum Plate: If you want to add more color and personality to your HuMn wallet, you can now add this to your existing order.

**ABOUT THIS PROJECT**

We're two righteous dudes who need your help in making the world's best RFID wallet!

# Re-Imagination of Personal Borrowing / Lending...

## THEN...

Borrowers – Paper Application / Lengthy Approval Process / High Interest Rates  
Investors – Little Access For Retail Investors / No Customization Based on Risk Tolerance



## NOW...

(Lending Club...)

Borrowers – Online Application / Funded in Days / Lower Interest Rates  
Investors – Easy Customization / Diversification / Better Returns



**Apply**  
online in minutes



**Get Funded**  
in a few days



**Make**  
fixed monthly  
payments



LendingClub									
Investing Personal Loans How It Works About Us									
Browse Notes									
Please sign in to set the investment amount per Note.									
Showing Notes 1 - 15 of 870									
Investment	Rate	Term	FICO®	Amount	Title / Purpose	% Funded	Amount / Time Left		
\$0	A 1	36	750-779	\$10,000	credit card payoff	99%	\$25 / 6 days		
\$0	A 2	36	780+	\$8,000	Credit Card Refinancing	99%	\$250 / 5 days		
\$0	A 2	36	750-779	\$6,600	Moving Loan	99%	\$200 / 6 days		
\$0	A 3	36	714-749	\$5,000	Credit Card Refinancing	99%	\$700 / 5 days		
\$0	B 1	36	679-713	\$12,800	Assisted Living Business	99%	\$875 / 6 days		
\$0	B 2	36	679-713	\$3,600	Small Business	99%	\$625 / 7 days		
\$0	B 3	36	679-713	\$10,000	Major Purchase	99%	\$650 / 7 days		
\$0	B 4	36	679-713	\$10,000	My New Loan	99%	\$650 / 7 days		
\$0	B 5	36	679-713	\$10,000	Debt Consolidation	99%	\$650 / 7 days		
\$0	B 6	36	679-713	\$10,000	CENTRAL AC	99%	\$650 / 7 days		
\$0	B 7	36	679-713	\$10,000	Home Improvement	99%	\$650 / 7 days		
\$0	B 8	36	679-713	\$10,000	Home Improvement	99%	\$650 / 7 days		



# Re-Imagination of Business Collaboration...

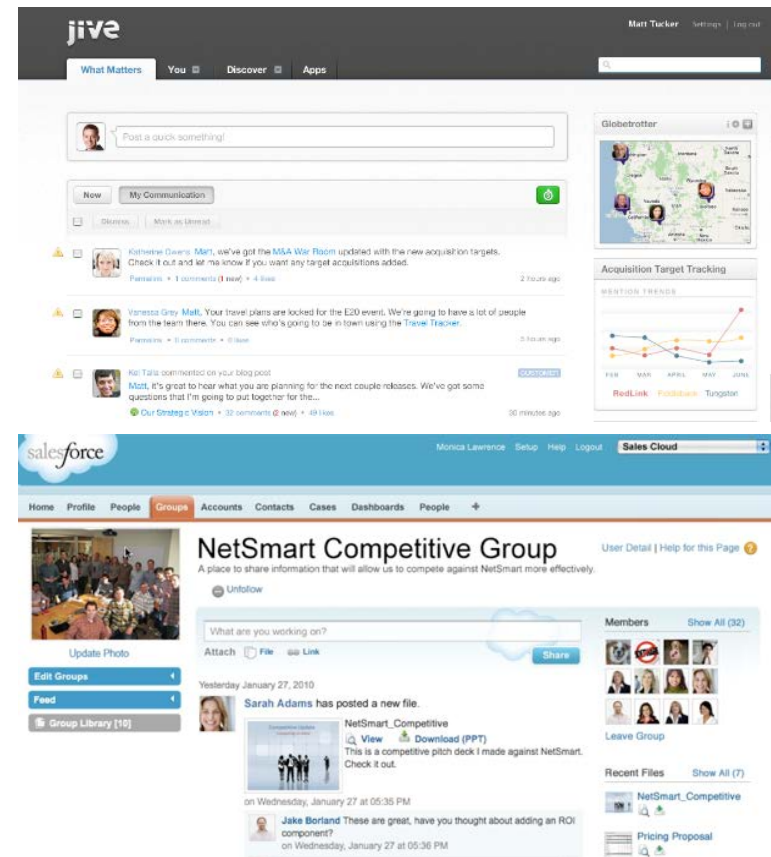
## THEN...

Meetings / Whiteboards /  
Teleconferences



## NOW...

(Salesforce.com / Yammer / Jive...)  
Online Working Groups / Data Sharing /  
Instant Messages



# Re-Imagination of Recruiting / Hiring...

## THEN...

Job Fairs / Campus Recruiting Events /  
Paper Resumes



## NOW...

(LinkedIn)

Online Resumes / Social Relevancy For  
Recruiters / Searchable Skill Sets /  
Endorsements / Recommendations

**LinkedIn** People Jobs Answers Companies Account & Settings | Help | Sign Out | Language

Explore People Search: Engineer at IBM - Internet - Senior Consultant Search People Search Advanced

**People** Go back to Search Results | Next »

**Mark Presnell** 2+  
Director, Career Center at Johns Hopkins University  
Washington D.C. Metro Area | Education Management

**Current**

- Director at Johns Hopkins University Career Center

**Past**

- Senior Associate Director, Career Center at University of Rochester
- Director of Architecture Career Services at University of Virginia

**Education**

- University of Kansas
- Purdue University

**Connections** 149 connections

**Websites**

- My Company

**Public Profile** <http://www.linkedin.com/in/markpresnell>

**Summary**

Career professional with a track record of developing comprehensive career services for both undergraduate and graduate students. Ability to create programs and services that link alumni, students, and recruiters to identify both entry-level and advanced talent. Experience counseling and advising students and alumni in a wide range of fields including consulting, finance, government, non-profit, biotechnology, engineering, and research.

**Specialties**

SIJ and MBTI interpretation, student development, career counseling, employer relations, alumni relations, networking

**Send a message**

**Add Mark to your network**

**Forward this profile to a connection**

**Search for references**

**Flag profile photo as...**

Ads by LinkedIn Members

**The Document of Your Life**  
A Resume Can Change Your Career  
Award-Winning. Shimmering Resumes  
[www.ShimmeringResumes.com](http://www.ShimmeringResumes.com)  
From: Paul Freiburger

**SMB Survivability-8KMiles**  
Pay-as-you-go infrastructure and professionals on demand for SMBs  
[www.8KMiles.com](http://www.8KMiles.com)  
From: 8KMiles What's this?

**How you're connected to Mark**

You  
↓  
Lindsey Pollak  
↓  
2 Mark Presnell

# Re-Imagination of Focus Groups...

## THEN...

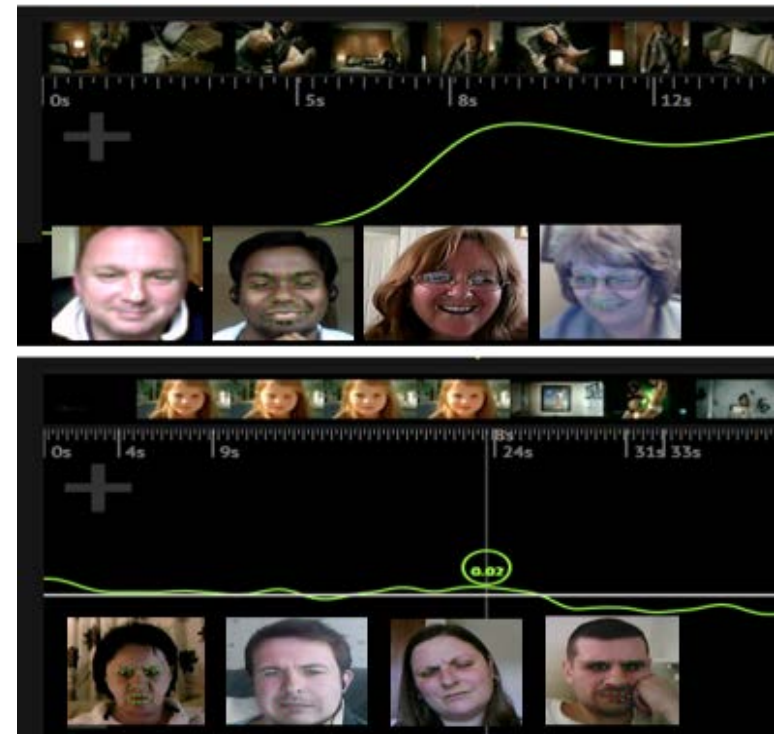
Fixed Time / Location / Small Group /  
No Real-Time Feedback



## NOW...

(Affectiva)

Real-Time Video Emotion Detection +  
Analysis / Effortless Participation / Data Capture /  
'Moodometer'





# Re-Imagination of Data...

## THEN...

Store Everything Because We Can Do It  
Inexpensively



## SOON...

Data Obesity / Data Quality Issues  
How To Find a Needle in a Haystack?



# Re-Imagination of Signatures...

## THEN...

Scan / Fax / Mail to Return  
Signature Page



## NOW...

(DocuSign)

Electronic Documents / Secure Audit  
Trail / Instant E-Signature

18. Addenda: 22D(Opt. Clauses); 22J(Lead Disci); 22F  
35(Inspection); 41C(SB Commission);

2FEF11E53C5944F...  
John Hancock  
Buyer's Signature  
DocuSigned By: John Hancock

Date

Buyer's Signature

Date

1234 1st Avenue

Buyer's Address



# Re-Imagination of Healthcare Access...

## THEN...

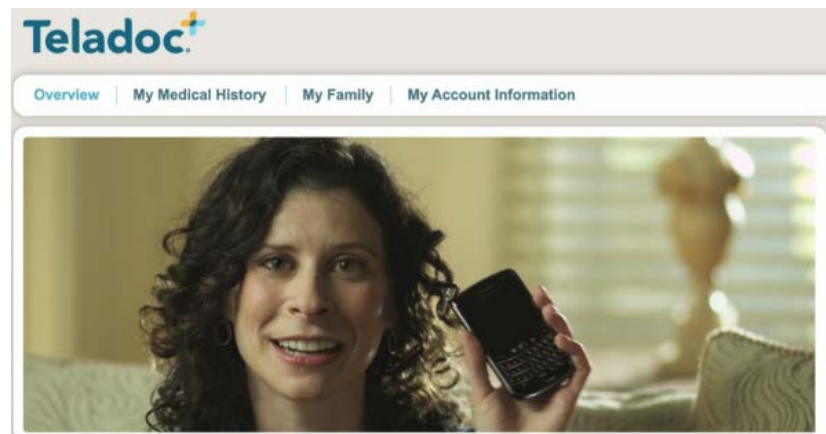
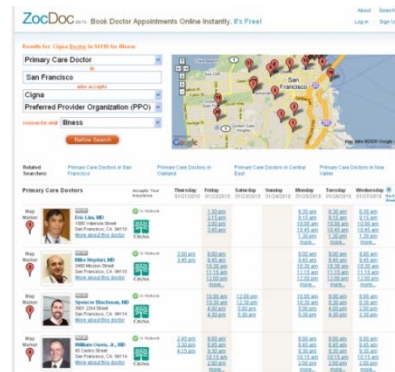
Call to Make Appointments / Days or Weeks to See Doctors



## NOW...

(ZocDoc / Teladoc)

On-Demand Access to Doctors in Minutes or Same Day / In Person or Via Phone Video Call





# Re-Imagination of Learning...

THEN...



NOW...



*From learning by listening to learning by doing...  
Education and learning will become as much fun as  
videogames. And we call it 'full body learning.'*

- Bing Gordon  
Partner, KPCB

# Re-Imagination of Engagement...

## THEN...

Buttons / Joysticks / D-pads / Wires



## NOW...

(Xbox Kinect)

Camera-Based Gestures / Voice Control



# Re-Imagination of Education...

## THEN...

Classrooms / Lectures / Reading Materials



## NOW...

(Codecademy / Coursera / Khan Academy...)

Interactive / Online / Accessible by  
Anyone Anywhere Anytime

Codecademy

Courses Creators Jobs Sign In Create Account

Hey! Let's get to know each other. What's your name? Type it with quotes around it like this "Ryan" and then press enter on your keyboard.

>

### Learn to code

Codecademy is the easiest way to learn how to code. It's interactive, fun, and you can do it with your friends.

Get Started  
(it's free)

```
1 var codeMaster = false;
2
3 if ( codeMaster === false ) {
4   print( "Use Codecademy to start on \
5     the path to becoming a better \
6     programmer" );
7 }
8 else {
9   print( "Hone your skills or help teach \
10    the craft" );
11 }
12
13
14
```

Learn with Friends

Keep tabs on your friends' progress and make sure you're learning more - faster!

Beginner

Getting Started

Time to become a coding ninja.

37% complete

6 of 8 lessons finished

Getting to Know You, Part I

See what you can do with programming!

Completed

Confirm or Deny

Alerting users and more.

Completed

Letters of Strings

Learning what separates text from numbers and more

In progress

Editor and Arrays

The console's not the only game in town.

Not started

Track and Share Your Progress

# Re-Imagination of Rewards / Satisfaction...

THEN...



NOW...

(Klout / FourSquare / Zynga...)



**Klout Perks**

@KloutPerks San Francisco, CA

Welcome to the Klout meritocracy! We use this account to notify people of Perks, if that bugs you please feel free to just follow @Klout instead. Thanks!  
<http://www.klout.com>

Back

foursquare



Newbie



Adventurer



Explorer



Superstar



Bender



Crunked



Local



Super User





# Re-Imagination of Government Subsidies...

## THEN...

Gather in Town / Wait in Line  
to Receive Subsidies



## NOW...

200MM+ Farmers in India Receive  
Government Subsidies Via Mobile Devices\*

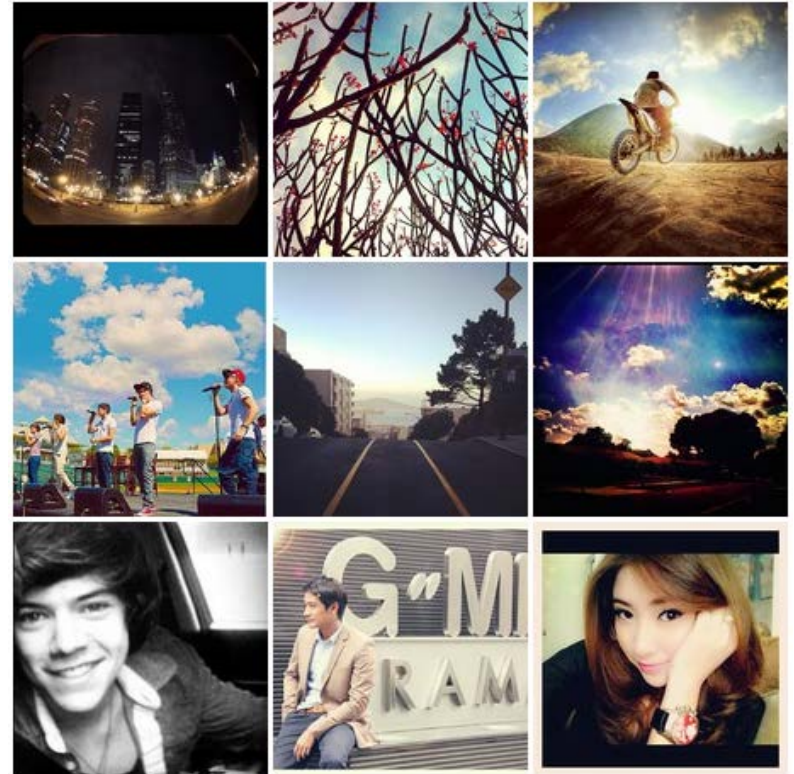


# Re-Imagination of Communication...

**THEN...**  
Caveman Drawings...



**NOW...**  
Instagr.am...





# Re-imagination of Crime Awareness...

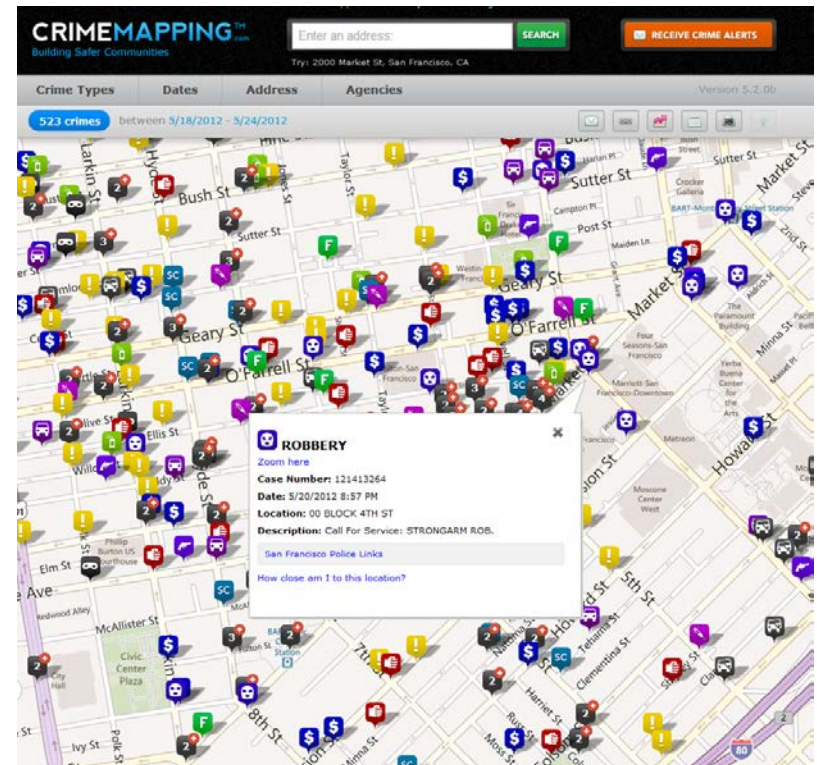
## THEN...

Warning Signs / Community Reports



## NOW...

(SFPD / CrimeMapping)  
Centralized Database / Customized  
Crime Alerts / Mobile Viewing



# Re-Imagination of Thermostats...

## THEN...

On/Off Switch +  
Temperature Setting



## NOW...

(Nest)

Wi-Fi Enabled / Auto-Learning / Auto-Sensing /  
Remote Control / Energy Efficient



# Re-Imagination of Pet Care...

## THEN...

Flyers on Lamp Posts for Missing Pets



## NOW...

Internet-Enabled / GPS Tracking Pet Collars



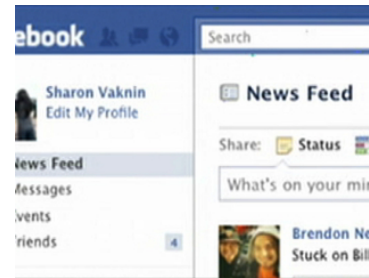
# Re-Imagination of Feeds... ;)

THEN...



NOW...

(Facebook News Feed / Ticker / Twitter Feed)





# Magnitude of Upcoming Change Will be Stunning - We are Still in Spring Training

- **Nearly Ubiquitous High-Speed Wireless Access in Developed Countries**
- **Unprecedented Global Technology Innovation**
- Ultra Competitive Markets for Mobile Operating Systems + Devices
- Broadly Accepted 'Social Graphs' / Information Transparency
- **Fearless (& Connected) Entrepreneurs**
- Difficult 'What Do I Have to Lose' Economic Environment for Many
- **Available (& Experienced) Capital**
- **Fearless (& Connected) Consumers**
- **Inexpensive Devices / Access / Services (Apps)**
- **Ability to Reach Millions of New Users in Record (& Accelerating) Time**
- 'Social Emerging as Starting Distribution Point for Content,' (Brian Norgard, Chill)
- Aggressive (and Informed) 'On My Watch' Executives at 'Traditional' Companies
- Unprecedented Combo of Focus on Technology AND Design
- Nearly 'Plug & Play' Environment For Entrepreneurs – Marketplaces / Web Services / Distributed Work / Innovative Productivity Tools / Low 'Start Up' Cost
- Beautiful / Relevant / Personalized / Curated Content for Consumers



# Addressable Market For Re-Imagination – Aggregate Market Cap of Global Public Companies = \$36+ Trillion\*

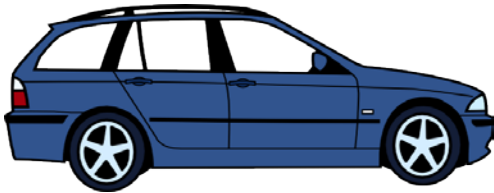
	2012 Market Cap (\$B)	2011 Revenue (\$B)	2011 EBITDA (\$B)	Top Companies by Mkt Cap
Financials	\$6,855	\$4,647	\$1,035	ICBC, China Construction Bank, Wells Fargo
Consumer Staples	4,386	3,972	543	Wal-Mart, Nestle, P&G, Coca-Cola
Information Technology	3,966	2,298	422	Apple, Microsoft, IBM, Google, Samsung
Energy	3,926	6,652	1,068	Exxon Mobil, PetroChina, Shell, Chevron
Consumer Discretionary	3,734	4,734	624	Toyota, Amazon.com, McDonald's, Walt Disney
Health Care	3,380	2,204	455	Johnson & Johnson, Pfizer, Roche, Novartis
Industrials	3,198	4,407	608	General Electric, Siemens, UPS
Materials	3,129	2,607	712	BHP Billiton, Rio Tinto, Vale
Telecommunication Services	2,572	2,045	699	China Mobile, AT&T, Telefonica, Vodafone
Utilities	1,188	1,501	315	GDF Suez, National Grid, E.ON, EDF
<b>Total</b>	<b>\$36,335</b>	<b>\$35,066</b>	<b>\$6,483</b>	

***NET, LOTS OF STUFF BEING RE-  
IMAGINED AND THERE'S A LOT MORE...***

# Consumer Internet 'White Space'



- 1) **Ear (+ Body)** - owing to better devices (wireless Bluetooth) / services (Siri / Spotify / Soundcloud...) / products (Up...)



- 2) **Car** – 52 minutes per day by 144MM Americans (76% alone)\* spent in cars – largely untapped

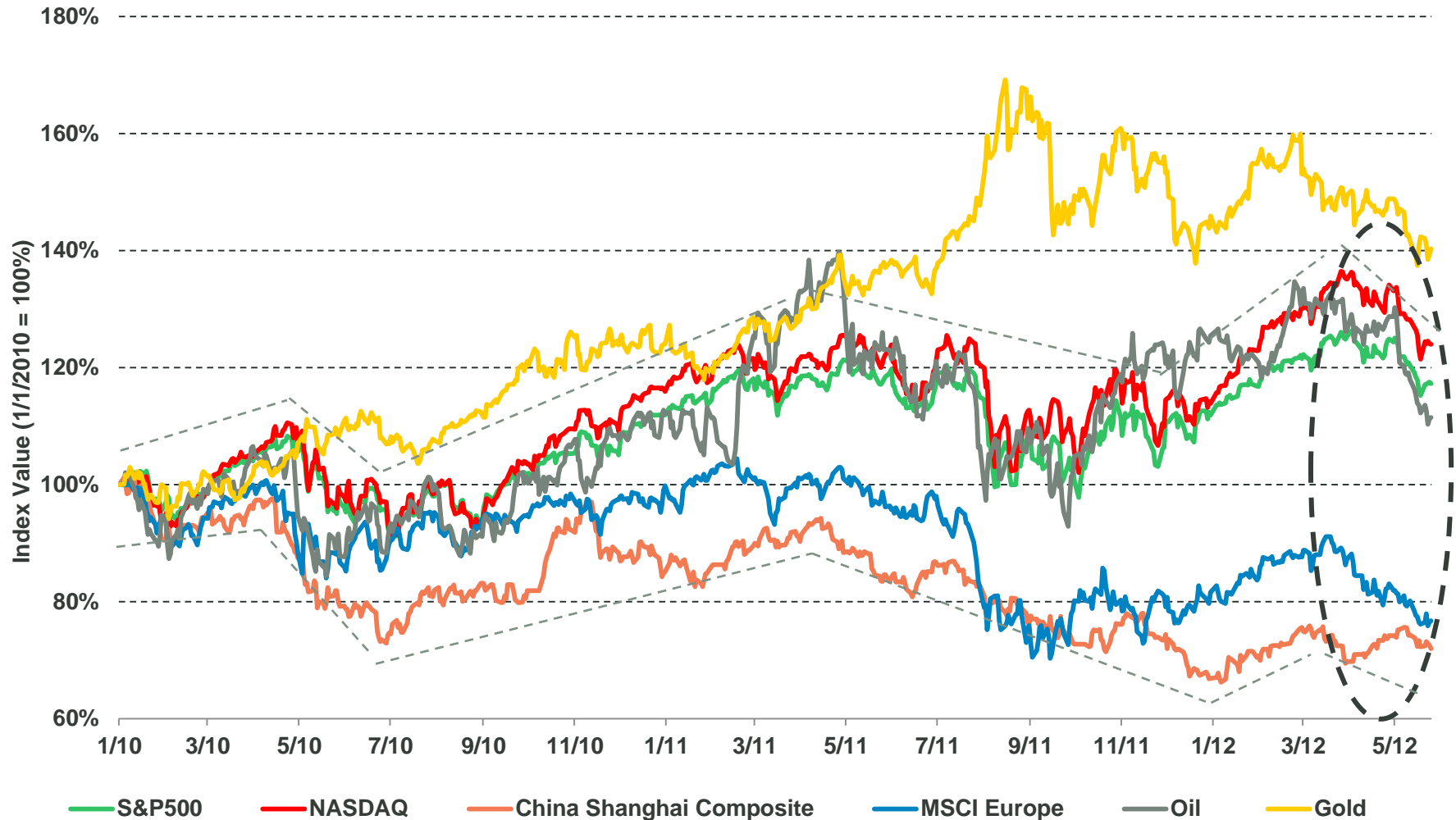


- 3) **TV** – 3+ hours per day spent in front of TVs\*\* – way better devices / interfaces / interfaces coming rapidly...Apple & Google footsteps raising bar...50MM+ Americans have Internet-enabled TVs

# **ECONOMY – MIXED TRENDS, WITH NEGATIVE BIAS**

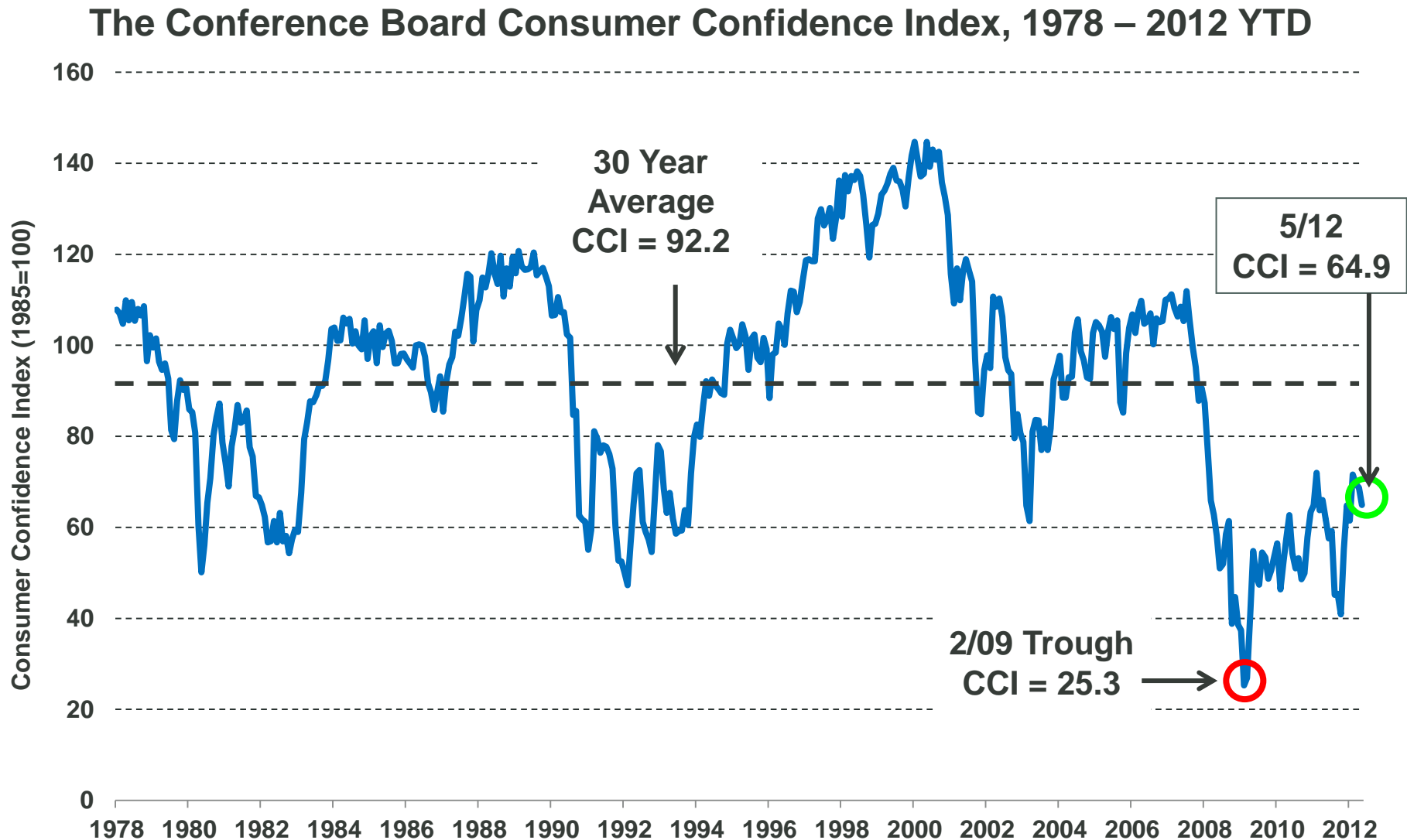
# Stock Markets = Often Leading Indicators of Economic Activity, Recent 10-Week Trendline Not Encouraging...

## Stock / Commodity Markets Performance (% Change From 1/10), 1/10 – 5/12





# Consumer Confidence = Near Four-Year Highs, Though Still Below 30-Year Average

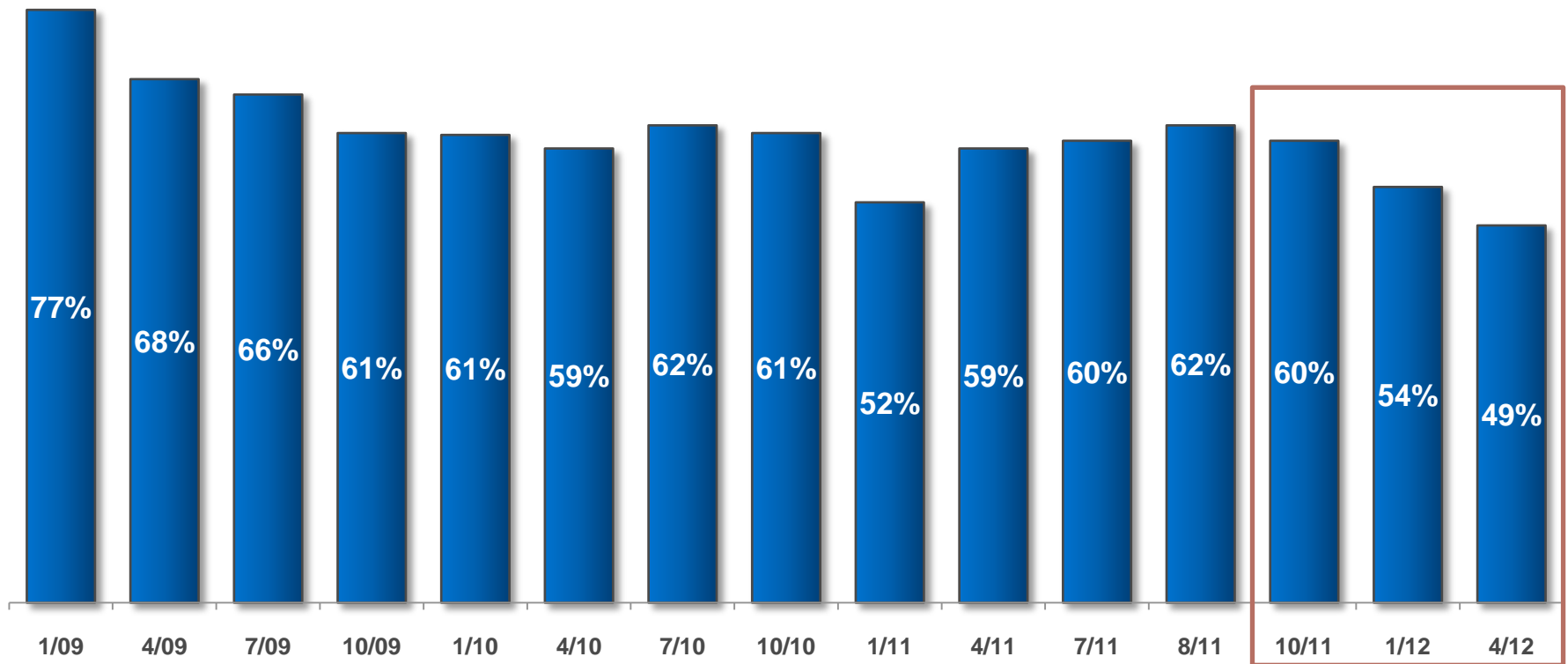


Note: Index started in 1967 / benchmarked to 1985=100. The Index is calculated each month on the basis of a household survey of consumers' opinions on current conditions and future expectations of the economy. Source: The Conference Board, 5/12.

# Consumer Sentiment – Improving but 49% of Americans View Economy as ‘Poor’

Q.How would you rate economic conditions today?

Percent of USA Consumers Who View The Economy as Poor, 1/09 – 4/12



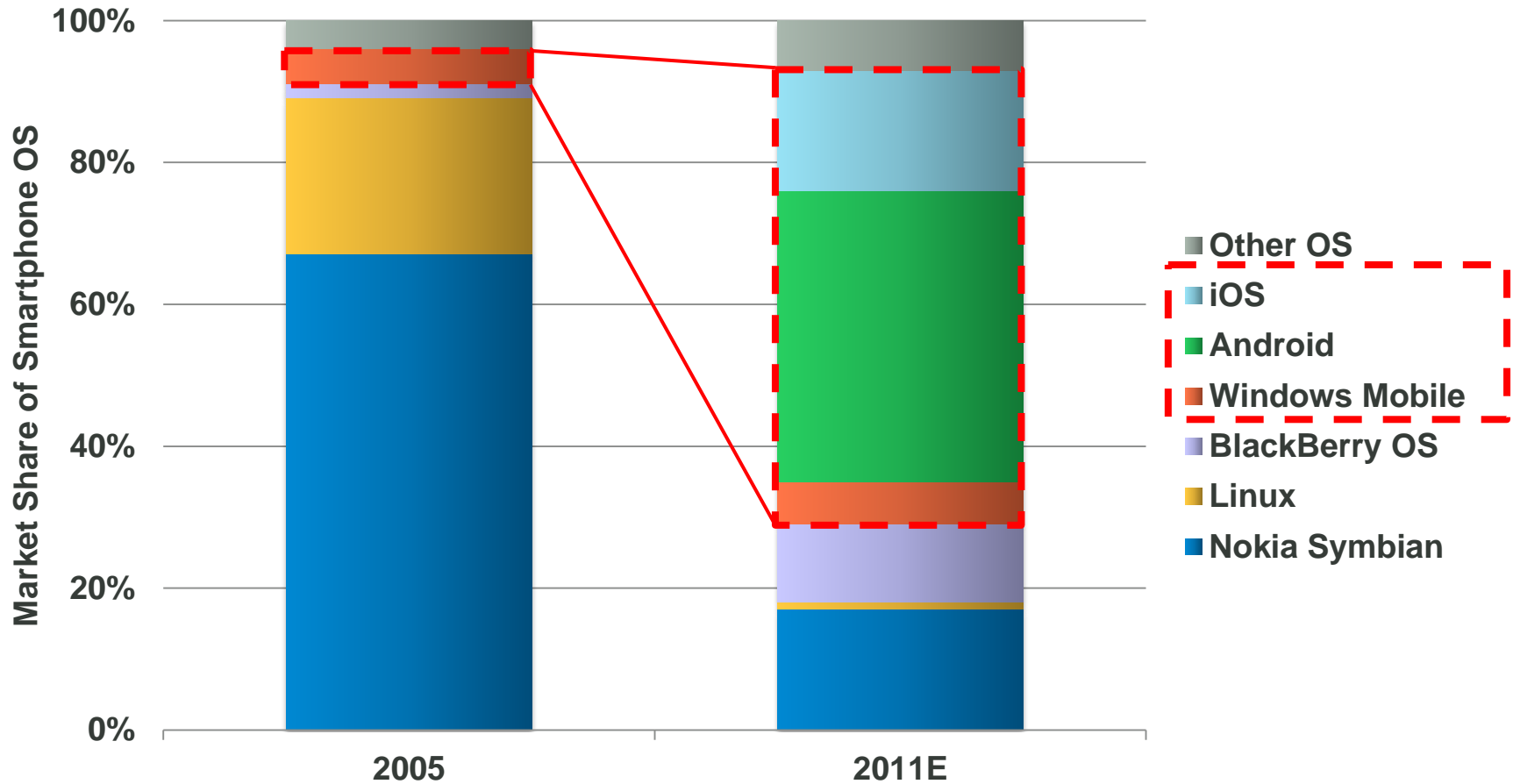
# Global GDP Growth Expected to Decelerate in 2012 with Europe Slipping Into Recession

Country / Region	GDP Y/Y % Change, 2009-2012E				% of World Total, 2011
	2009	2010	2011	2012E	
USA	-3.5%	3.0%	1.7%	2.1%	22%
Euro Area	-4.3	1.9	1.4	-0.3	19
Germany	-5.0	3.6	3.1	0.6	5
France	-2.6	1.4	1.7	0.5	4
Italy	-5.5	1.8	0.4	-1.9	3
Spain	-3.7	-0.1	0.7	-1.8	2
UK	-4.9	2.1	0.7	0.8	4
Japan	-6.3	4.4	-0.7	2.0	8
China	9.2	10.4	9.2	8.2	11
India	6.8	10.6	7.2	6.9	2
Russia	-7.8	4.3	4.3	4.0	3
Brazil	-0.6	7.5	2.7	3.0	4
Developed Markets	-3.7	3.2	1.6	1.4	64
Emerging Markets	2.8	7.5	6.2	5.7	36
World	-0.7	5.3	3.9	3.5	100

**USA, INC. – A LOT TO BE EXCITED  
ABOUT IN TECH, A LOT TO BE  
WORRIED ABOUT IN OTHER AREAS**

# 'Made in USA' Smartphone Operating Systems = 64% Share from 5% Five Years Ago

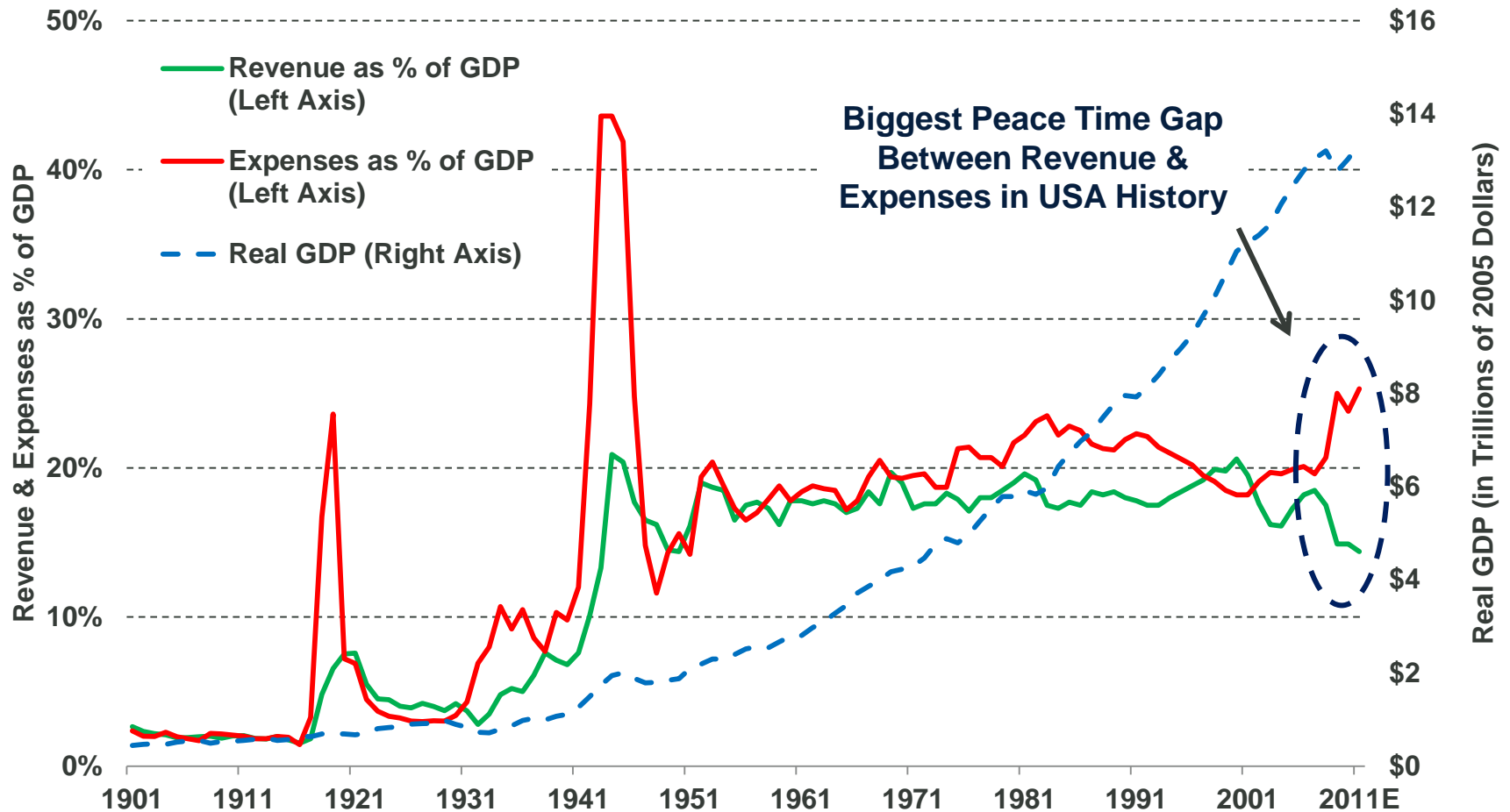
Smartphone Operating System Market Share, 2005 vs. 2011E





# USA, Inc. – Biggest Peace Time Gap Between Revenue & Expenses in USA History

USA Inc. Revenue & Expenses as % of GDP, 1901 – 2011E



# ARE YOU HAPPY WITH WHERE YOUR TAX DOLLARS GO?

57%

20%

16%

6%

ENTITLEMENTS

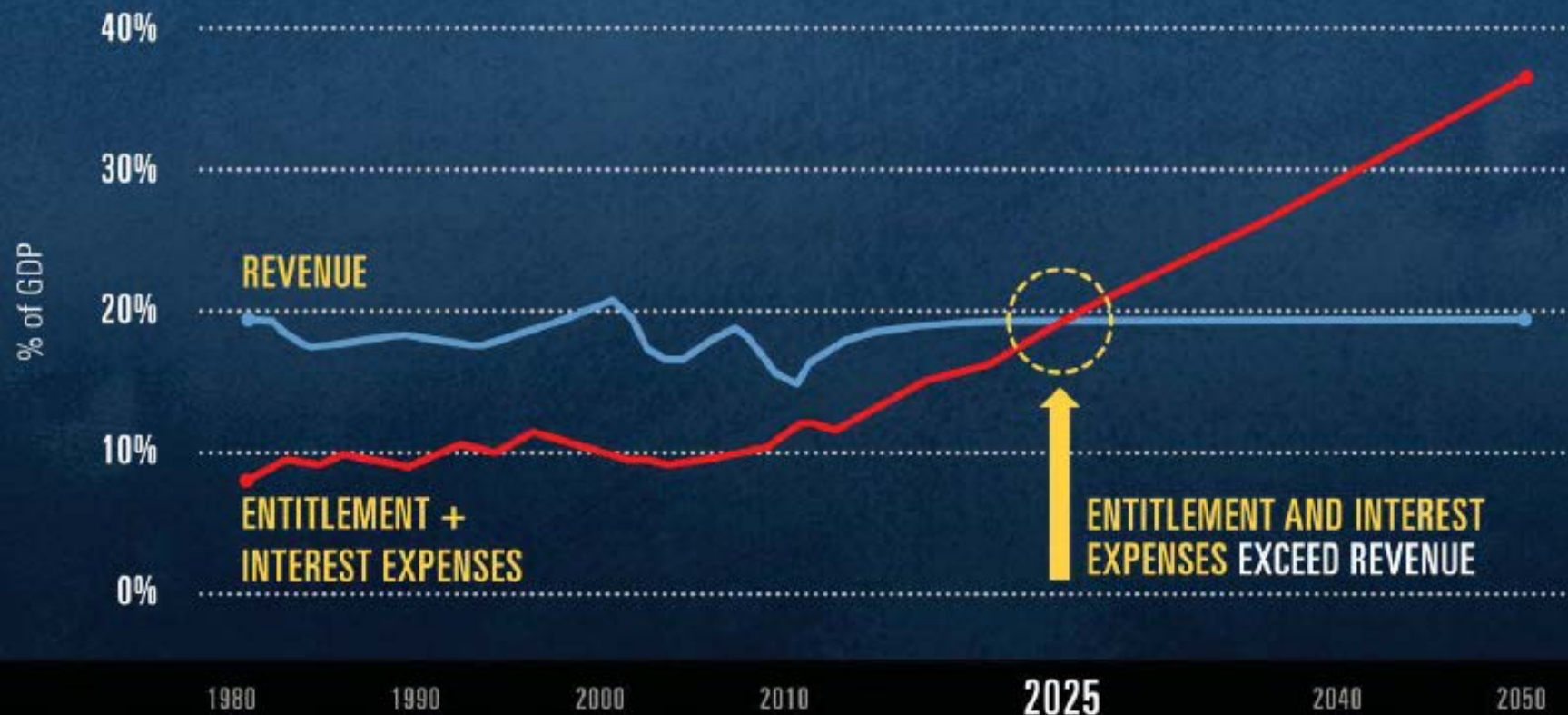
DEFENSE

OTHER\*

INTEREST

\*OTHER INCLUDES NON-DEFENSE DISCRETIONARY SPENDING IN ENERGY, EDUCATION, INFRASTRUCTURE AND MORE. 97

# ENTITLEMENT AND INTEREST EXPENSES WILL EXCEED USA INC.'S REVENUE **WITHIN 15 YEARS**



SOURCE: CONGRESSIONAL BUDGET OFFICE, 2010: USA INC. REPORT PAGE 174. 98

# America's Debt Level Relative to Other Countries – You Do the Math...

Rank	Country	2010 Gross Government Debt	
		(\$B)	% of GDP
1	Japan	\$12,009	220%
2	Jamaica	19	143
3	Greece	436	143
4	Lebanon	53	134
5	Iraq	97	120
6	Italy	2,445	119
7	Belgium	452	97
8	Singapore	214	96
9	Ireland	196	95
10	USA	13,707	94
11	Portugal	213	93
12	Iceland	12	92
13	Germany	2,759	84
14	Canada	1,324	84
15	France	2,110	82

Rank	Country	2010 Gross Government Debt	
		(\$B)	% of GDP
16	Hungary	\$105	80%
17	Israel	168	77
18	UK	1,699	76
19	Egypt	161	74
20	Austria	272	72
21	Sudan	47	72
22	Brazil	1,397	67
23	Jordan	18	67
24	Côte d'Ivoire	15	67
25	India	1,046	64
26	Netherlands	497	64
27	Cyprus	14	61
28	Spain	848	60
29	Uruguay	23	57
30	Pakistan	100	57



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# What Can You Do?

- Engage in Politics
- Help Others Understand Key Issues
- Do What You Can To Innovate, Create Jobs & Improve Education

**BUBBLE - OR NOT?**

***RECENT INTERNET IPOs –  
WHILE COMPELLING IN MARKET VALUE,  
NOT COMPELLING IN PERFORMANCE...***

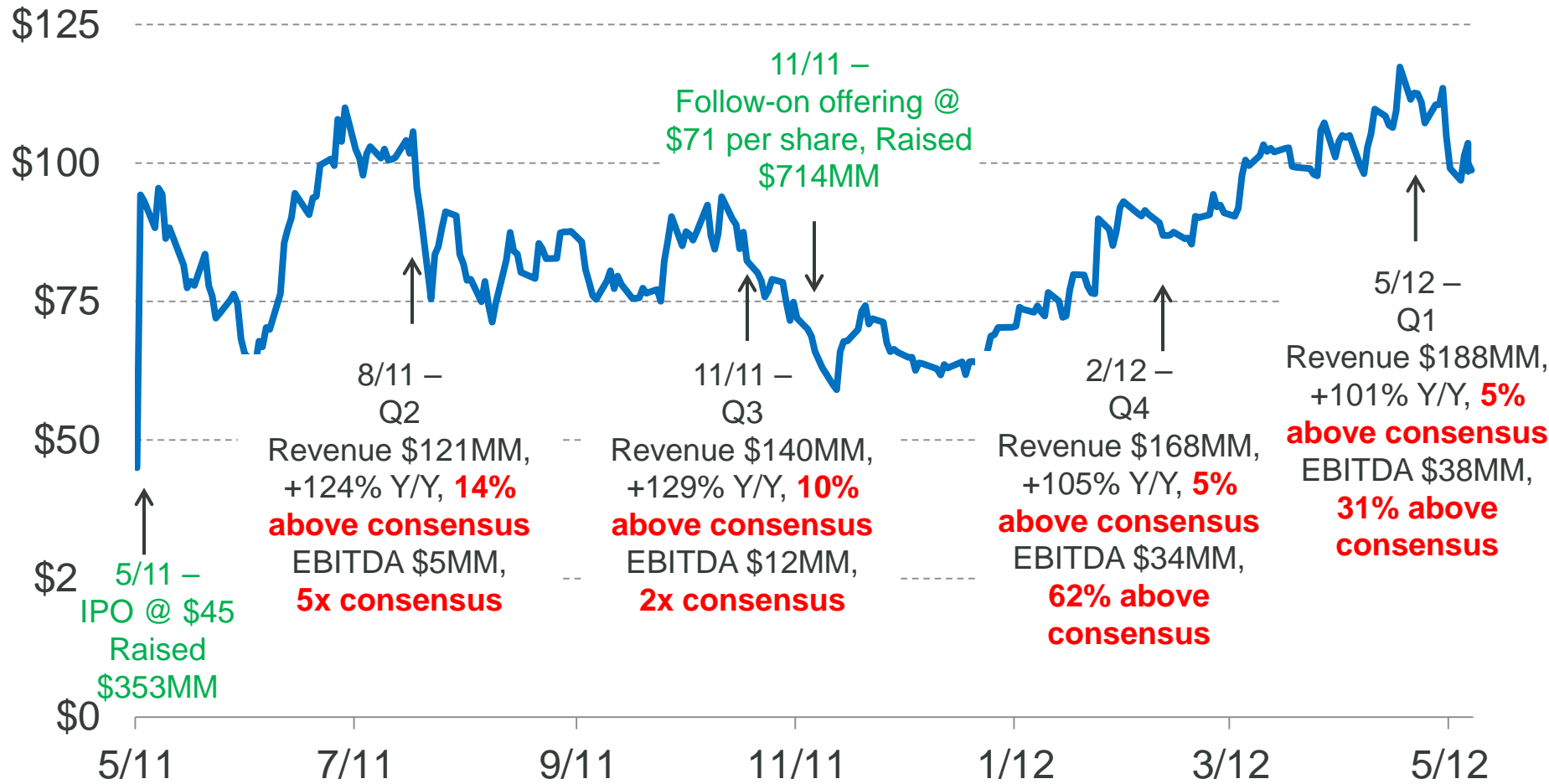
# Public Market Investors = More Skeptical than Private Market Investors

Company	IPO Date	Initial IPO Filing Range (\$)	IPO Price (\$)	1 <sup>st</sup> Day Closing Price (\$)	Current Price (\$)	% Change From IPO	IPO Market Cap (\$B)	Current Market Cap (\$B)
Facebook	5/12	\$28-35	\$38	\$38	\$29	(24%)	\$104	\$79
Zynga	12/11	\$8.50-10	10	10	6	(40)	7	5
Groupon	11/11	\$16-18	20	26	12	(40)	13	8
Pandora	6/11	\$10-12	16	17	11	(30)	3	2
LinkedIn	5/11	\$32-35	45	94	100	137	4	10

# Recent Internet IPO Standout – LinkedIn

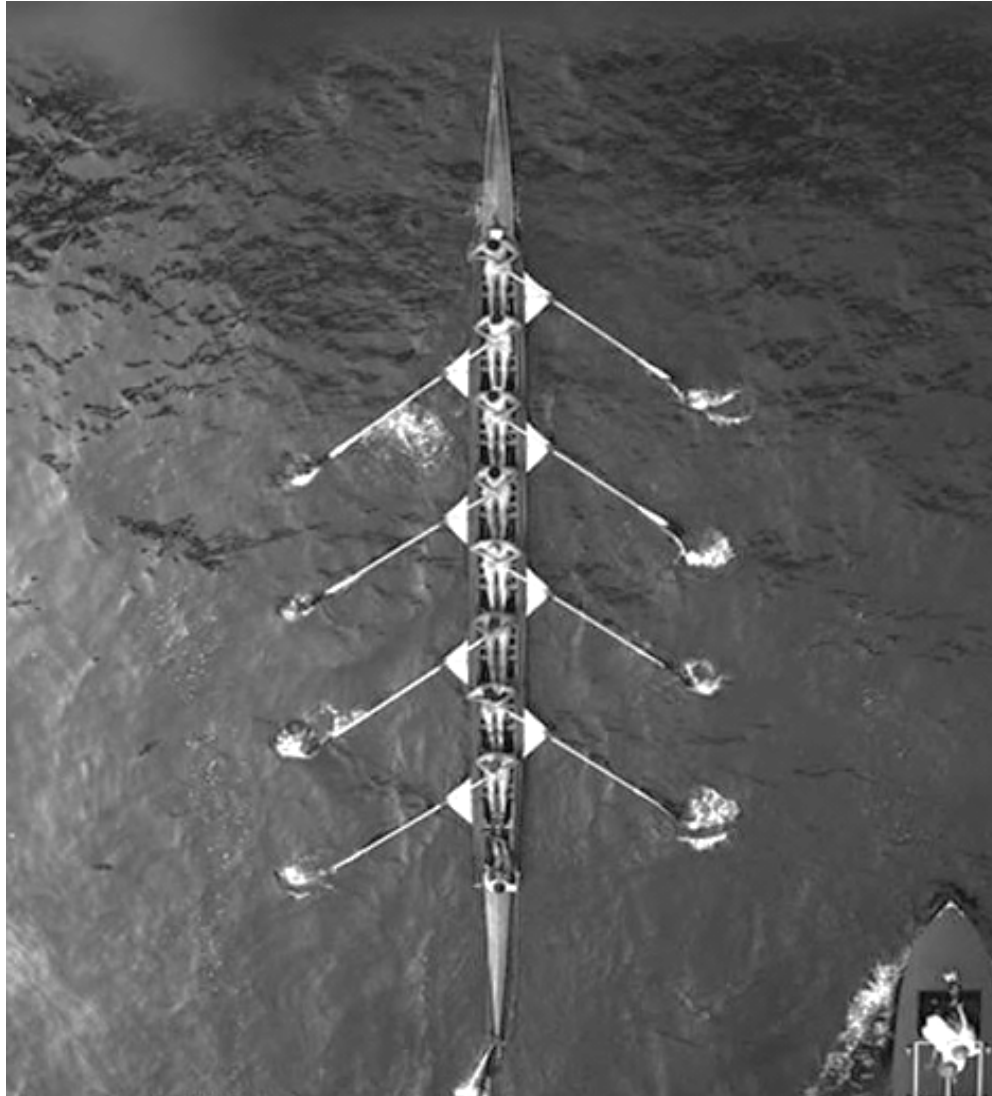
Averaging 10% Revenue / 2x EBITDA Upside Since IPO, Shares +137%

LinkedIn Share Daily Closing Price, 5/11-5/12





# A Key to Successful Financings / Wealth Creation – All Stakeholders in Same Boat, Rowing in Same Direction



# The Value of a Business is the Present Value of Future Cash Flows

## The Riddles:

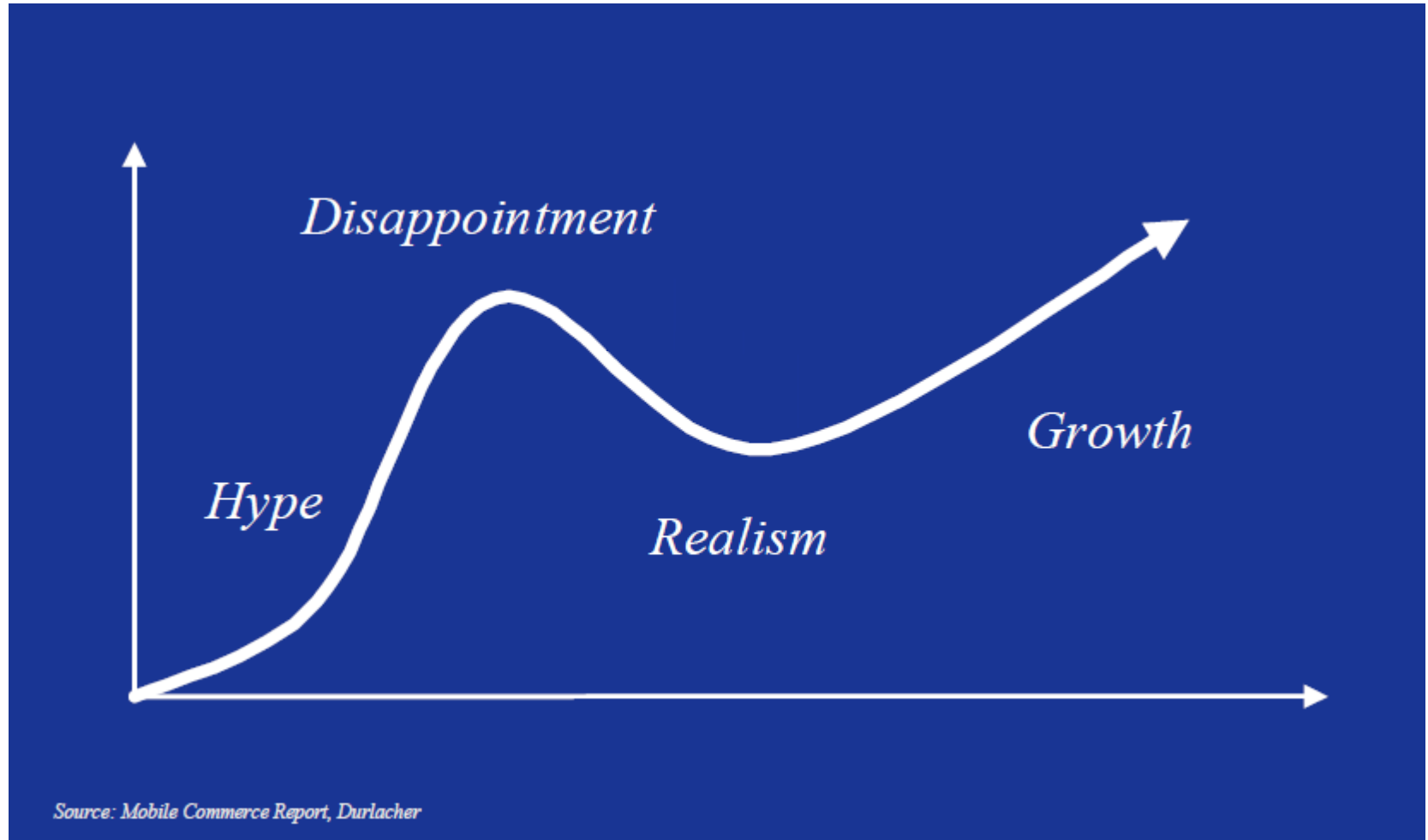
- 1) Getting the numbers (financials) right for the Discounted Cash Flow (DCF) model;
- 2) Getting the macro + micro confidence levels + time horizons right for 'the market.'

# Historical Wealth Creation in Tech Companies = Concentrated

*~2% of companies accounted for ~100% of net wealth creation of 1,720 Tech IPOs in USA (1980-2002). \**

*\*The Technology IPO Yearbook: 9<sup>th</sup> Edition – 23 Years of Tech Investing, Morgan Stanley*

# Tech Cycle of Change / Growth – Where are We Now?



**THIS CYCLE OF TECH DISRUPTION IS  
MATERIALLY FASTER & BROADER THAN  
PRIOR CYCLES...**



# Outline

- 1) **Basic Stats** – Internet Growth Remains Robust, Rapid Mobile Adoption Still in Early Stages
- 2) **Re-Imagination** – of Nearly Everything
- 3) **Economy** – Mixed Trends, With Negative Bias
- 4) **‘USA, Inc.’** – A Lot to be Excited About in Tech, A Lot to be Worried about in Other Areas
- 5) **Bubble** – or Not?

# Disclosure

The information offered in this presentation speaks to industry trends in general, and should not be construed as providing any particular recommendations or analysis for any specific company that is mentioned in this presentation. KPCB is a venture capital firm that owns significant equity positions in certain of the companies referenced in this presentation.