

LATEST TRENDS ON INVESTING IN WEB 2.0

2010 ACA Summit

May 5-7
San Francisco

DAVE BERKUS

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SOCIAL MEDIA

What is Social Media?
An overview of the landscape.

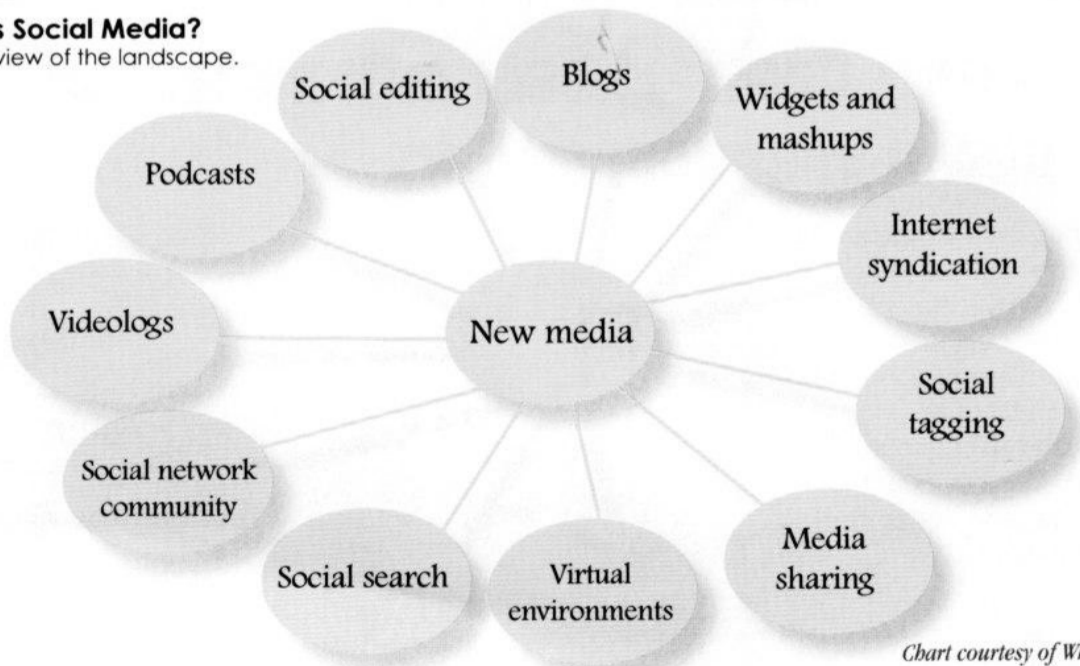


Chart courtesy of What a Concept!

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SOCIAL MEDIA



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The GROWING SCOPE of the INTERNET

26% ← 22% last year

of the world population is now Internet enabled.

1,734,000,000

people now have regular access to Internet.

15% In North America.

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The GROWING SCOPE of the INTERNET

26%

2009 - 2 billion devices

32%

2012 - 3 billion devices.

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The GROWING SCOPE of the INTERNET

\$12.4 trillion

B to B commerce in 2010.

Ten times B to C.

*Who says this is just a
consumer revolution?*

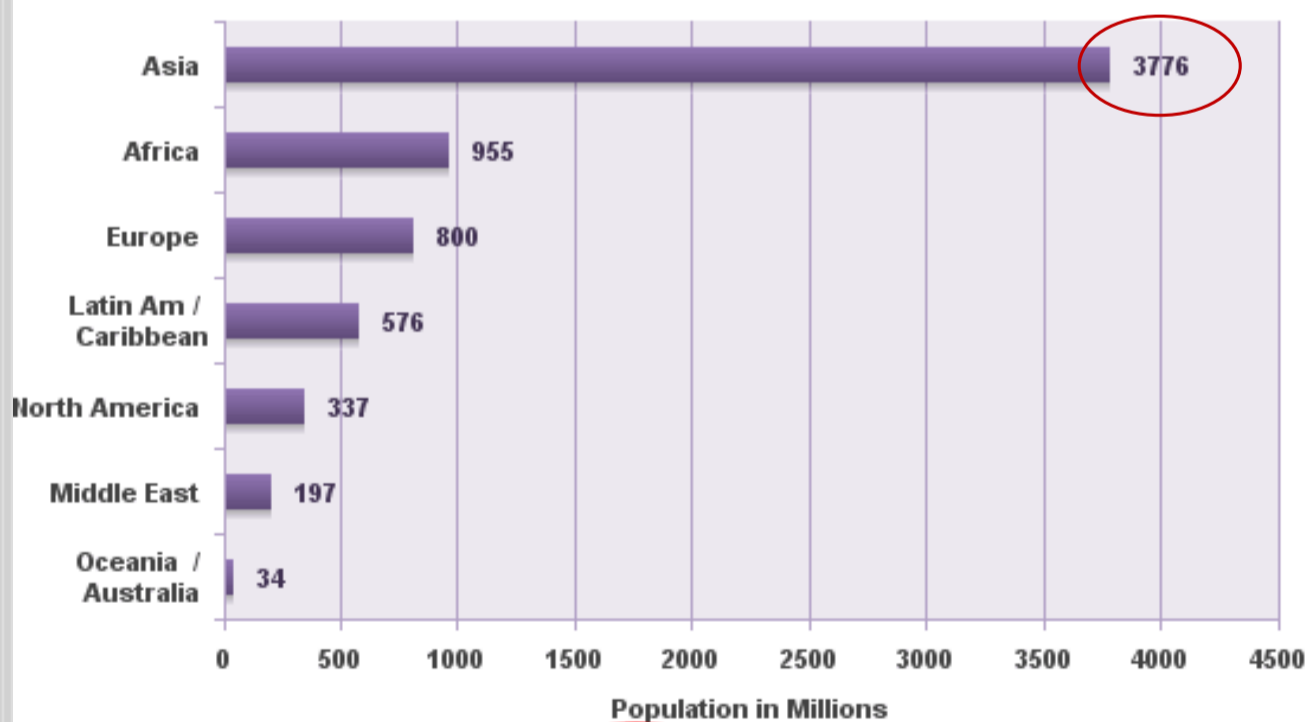
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Every week **12,000,000** people join the Internet, *most from outside the USA.*

- Unintended consequences:
 - Big media transformation
 - Birth of the long tail
 - Social networking
 - Democratization of content
 - Power to the artist
 - Disrupted distribution

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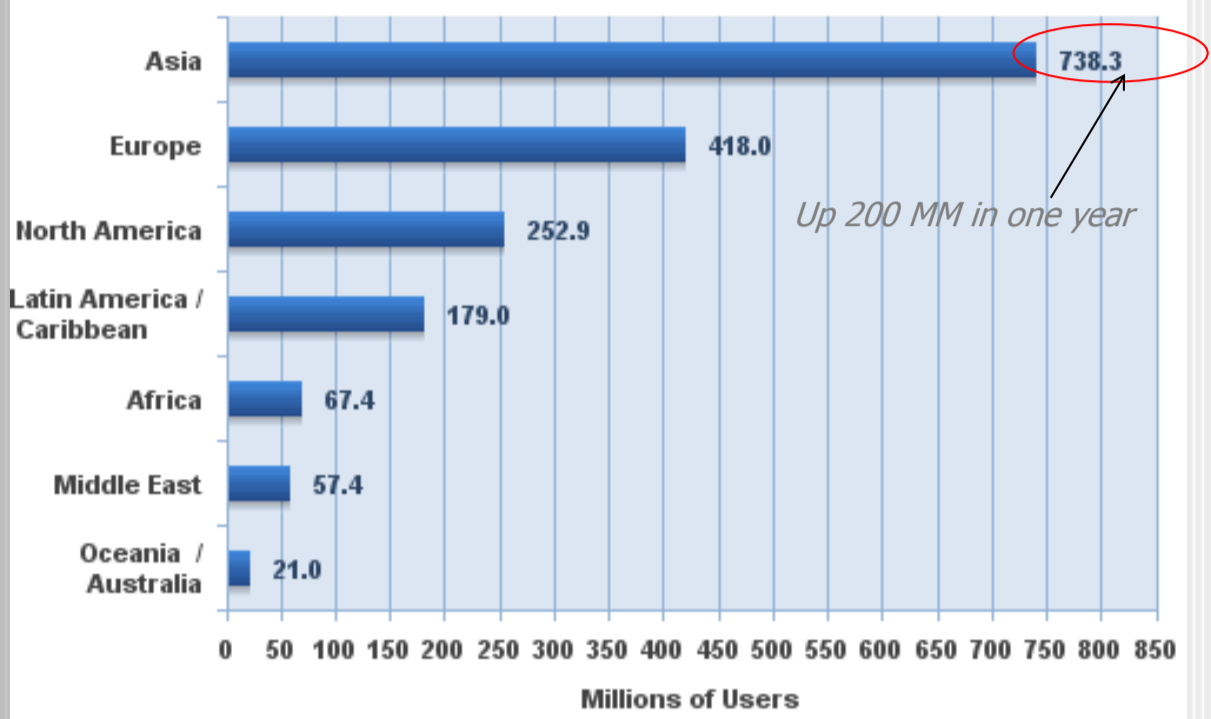
**World Population by Regions
March 2008**



Note: Total World Population estimate is 6,676,120,288 for min-year 2008.
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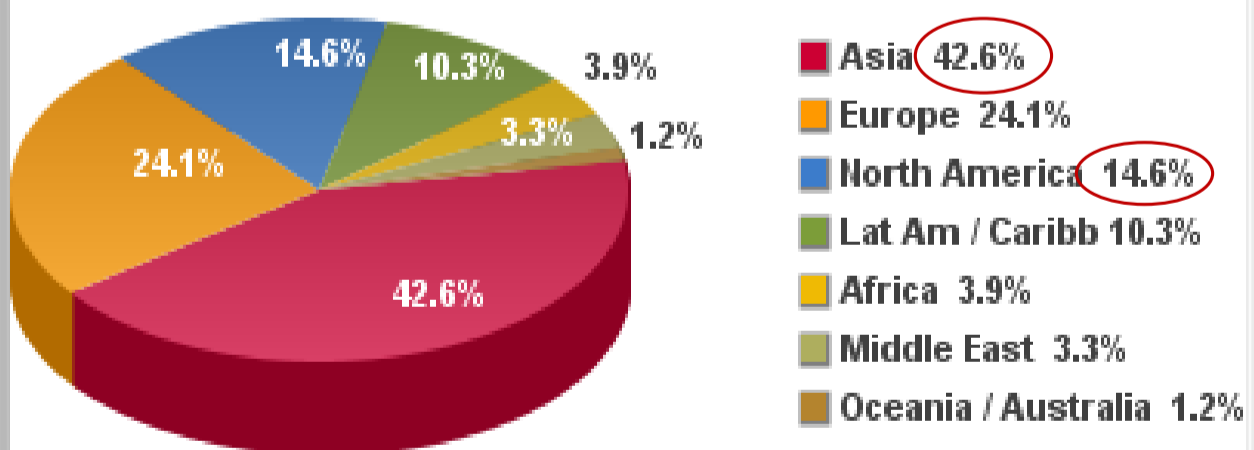
Internet Users in the World by Geographic Regions



Source: Internet World Stats - www.internetworldstats.com/stats.htm
 Estimated Internet users are 1,733,993,741 for September 30, 2009
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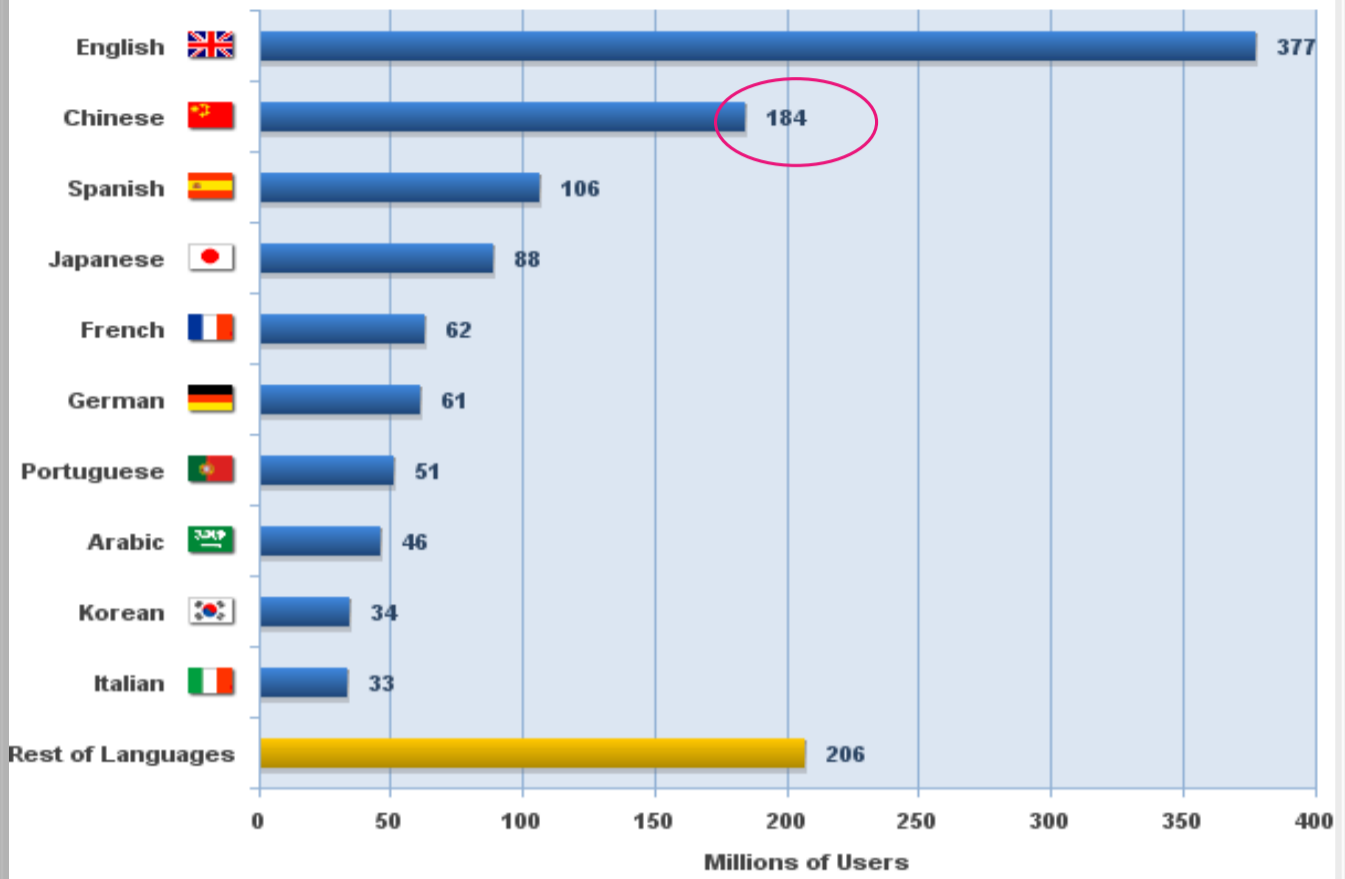
World Internet Users by World Regions



Source: Internet World Stats - www.internetworldstats.com/stats.htm
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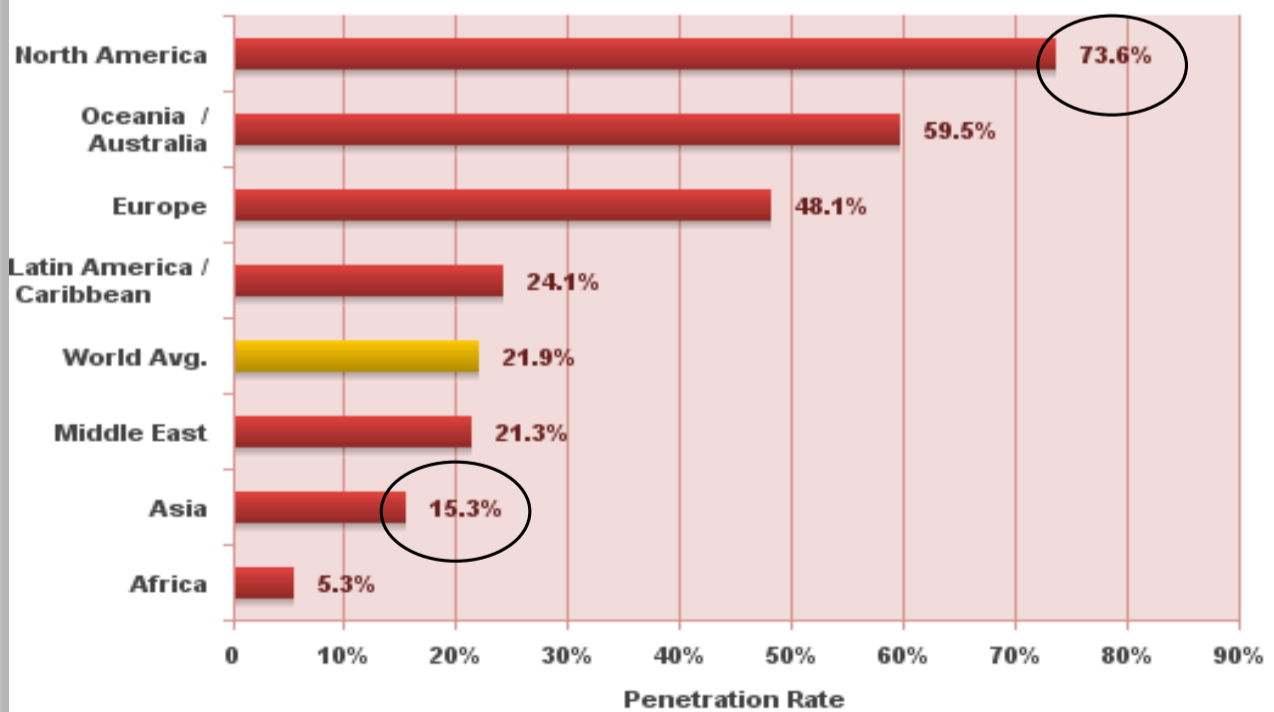
Top Ten Internet Languages



Source: www.internetworldstats.com
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World Internet Penetration Rates by Geographic Regions



Source: Internet World Stats - www.internetworldststs.com/stats.htm
 Penetration Rates are based on a world population of 6,676,120,288 for mid-year 2008 and 1,463,632,361 estimated Internet users.
 Copyright © 2008, Miniwatts Marketing Group

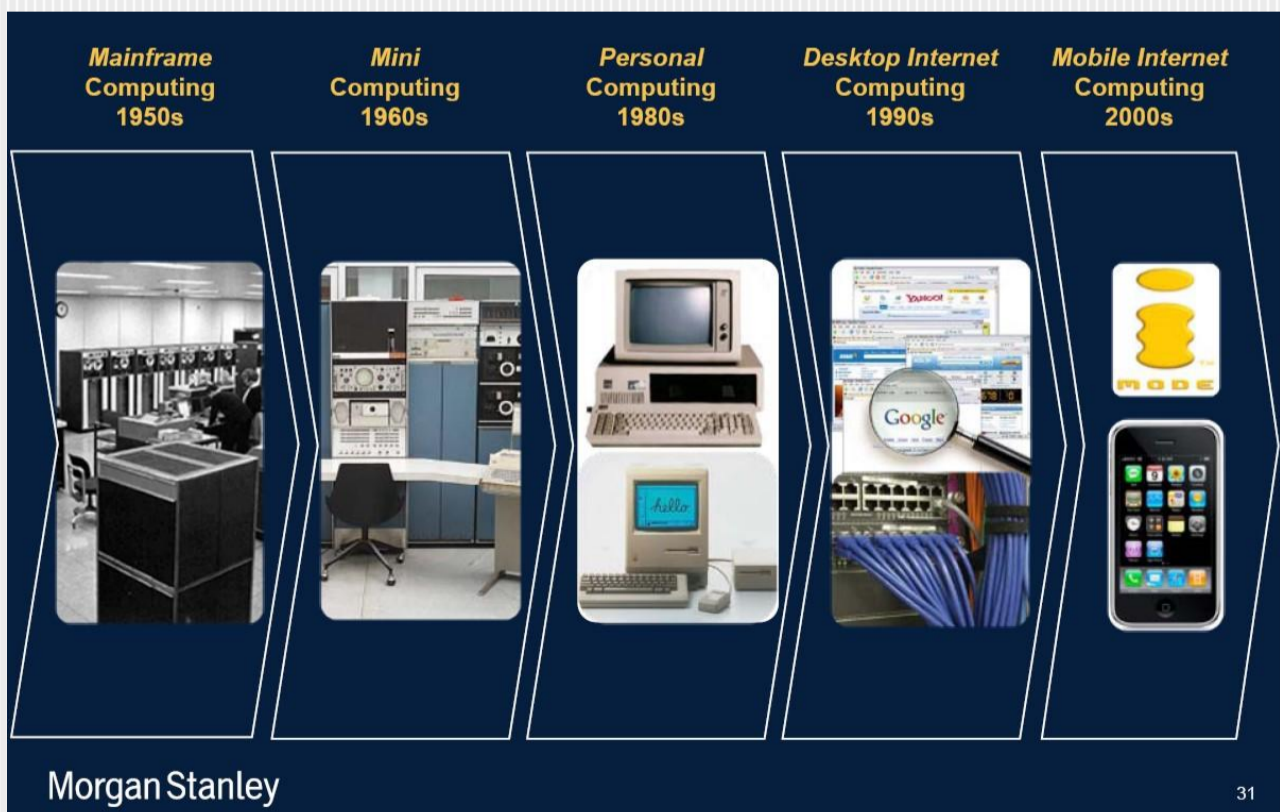
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Next Generation Platforms and Digital Natives Drive Change

- Young people entering workforce will drive wide deployment through the enterprise.
- iPhone applications top **100,000**
- Facebook as a platform: **390,000,000+** users. Over **100,000+** applications. Parallel to Internet browser as a container for applications. Fastest growing group over **65**.
- Social media has become the **largest use** of the web.

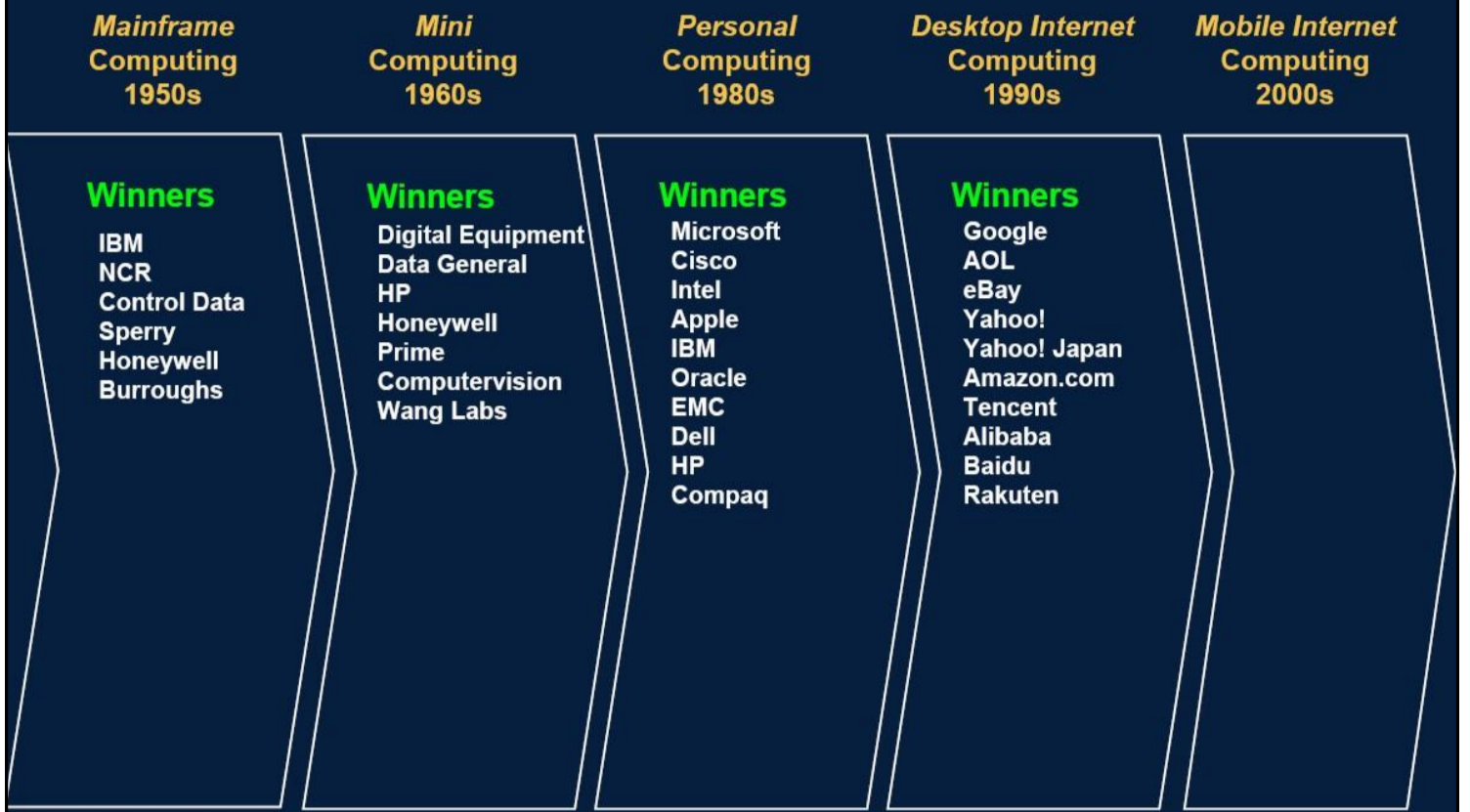
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Mobile Internet – The next major computing cycle



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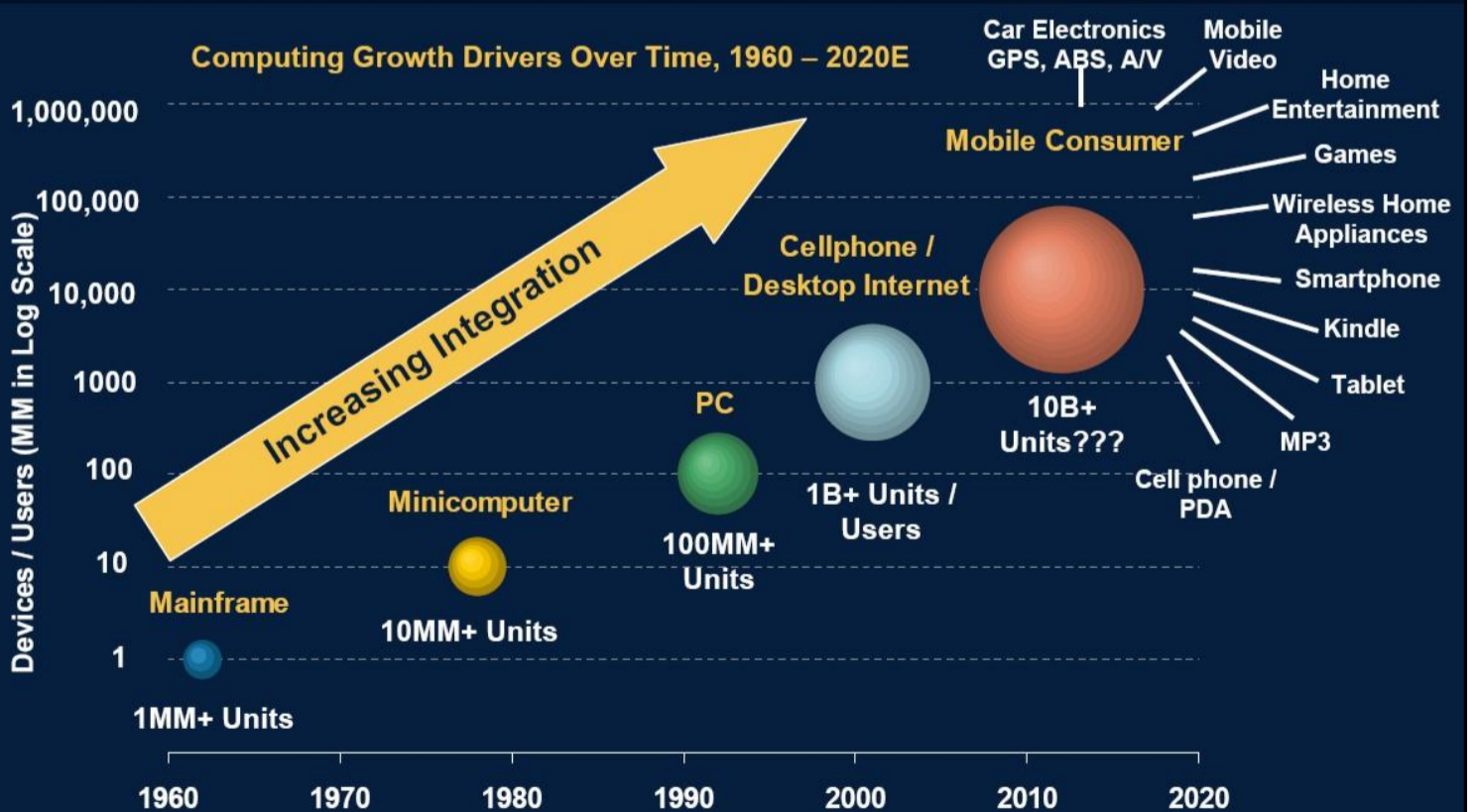
Technology Cycles - Wealth Creation / Destruction New Companies Often Win Big in New Cycles



Morgan Stanley

Note: Winners from 1950s to 1980s based on Fortune 500 rankings (revenue-based), desktop Internet winners based on wealth created from 1995 to respective peak market capitalizations. Source: Factset, Fortune, Morgan Stanley Research.

New Computing Cycles Supported by 10x More Devices Opportunities for Semiconductor / Hardware / Software / Services

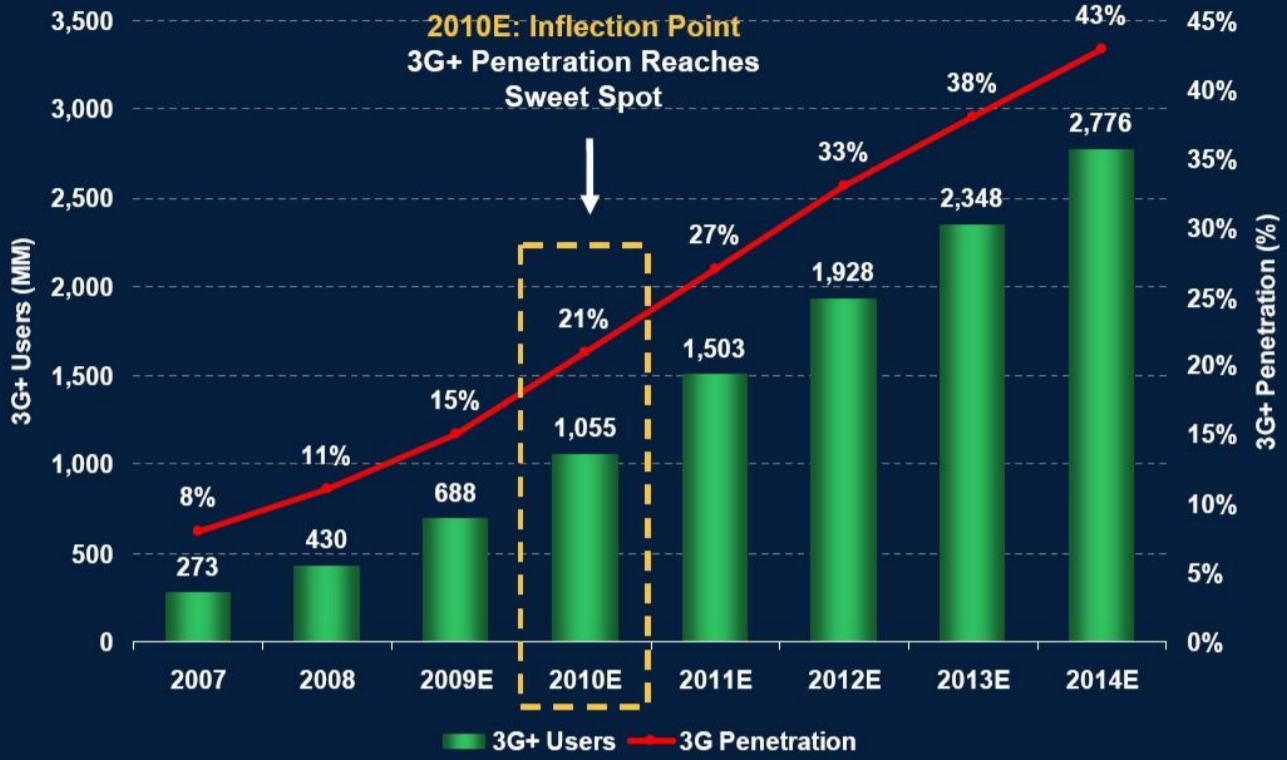


Morgan Stanley

Note: PC installed base reached 100MM in 1993, cellphone / Internet users reached 1B in 2002 / 2005 respectively; Source: ITU, Mark Lipacis, Morgan Stanley Research.

Global 3G Subscribers – Wireless Broadband 2010E Inflection Point, Penetration >20%

Global 3G+ Subscribers & Penetration, 2007 – 2014E



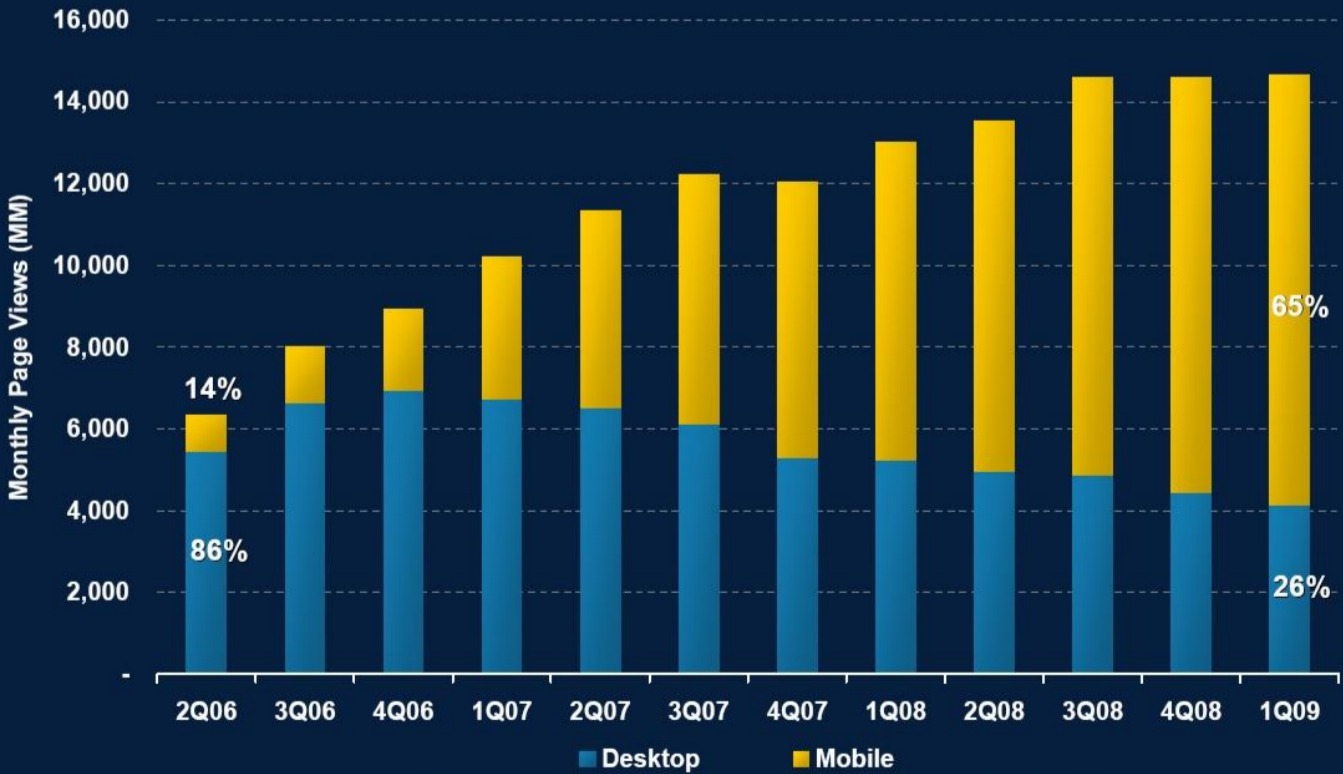
Morgan Stanley

Note: 3G+ technologies include WCDMA, HSPA, TD-SCDMA, 1xEV-DO, LTE and WiMax. Source: Ovum, Morgan Stanley Research.

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Mobile Social Networking in Japan ~3x Greater (and Rising) than Desktop Social Networking per Mixi

Mixi's (Japan's Leading Social Network) Monthly Page Views, Mobile vs. PC, CQ2:06 – CQ1:09



Morgan Stanley

Note: Mixi is one of Japan's leading social networking sites on PC and mobile with 23MM registered users as of 5/09. It monetizes mobile usage via sales of avatars, customized homepages and other premium services. Source: Mixi, Naoshi Nema, Morgan Stanley Research.

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New Communications Platforms

Facebook = Unified Communication + Multimedia Repository in Your Pocket

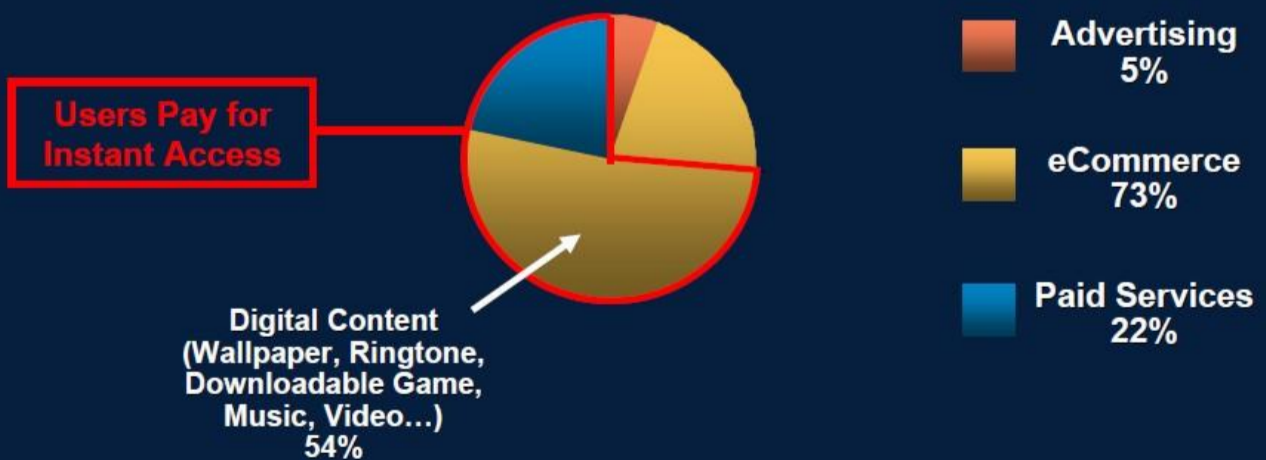


Morgan Stanley

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...Users Tend to 'Pay' on Mobile Internet (via Premium Services)

Mobile Internet - Revenue Mix (ex. Data Access)
2008E - \$37B



Morgan Stanley

Note: eCommerce is limited to online retail goods sales; paid services include online banking, travel services; Source: IDC, eMarketer, Juniper Research, Morgan Stanley Research. 52

Apple Unshackled Mobile Developers from Carrier Walled Gardens Leveraged 100MM+ iTunes Users Trained to Purchase Digital Goods Apple's Way

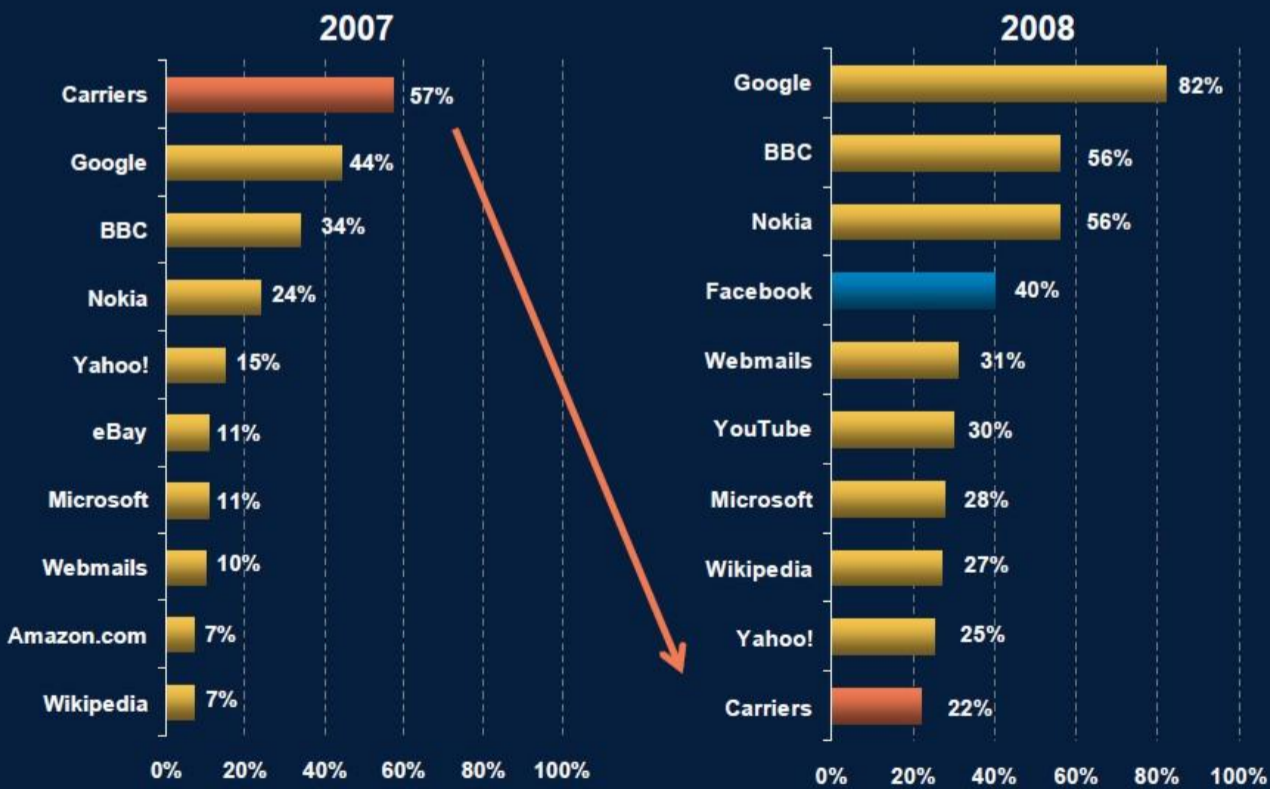


Morgan Stanley

Source: Apple. 45

'Walled Gardens' Collapsed Nearly Overnight UK Mobile Users Fleeing From Carrier Portal Sites

Mobile Web Sites' Share of UK Mobile Internet Users

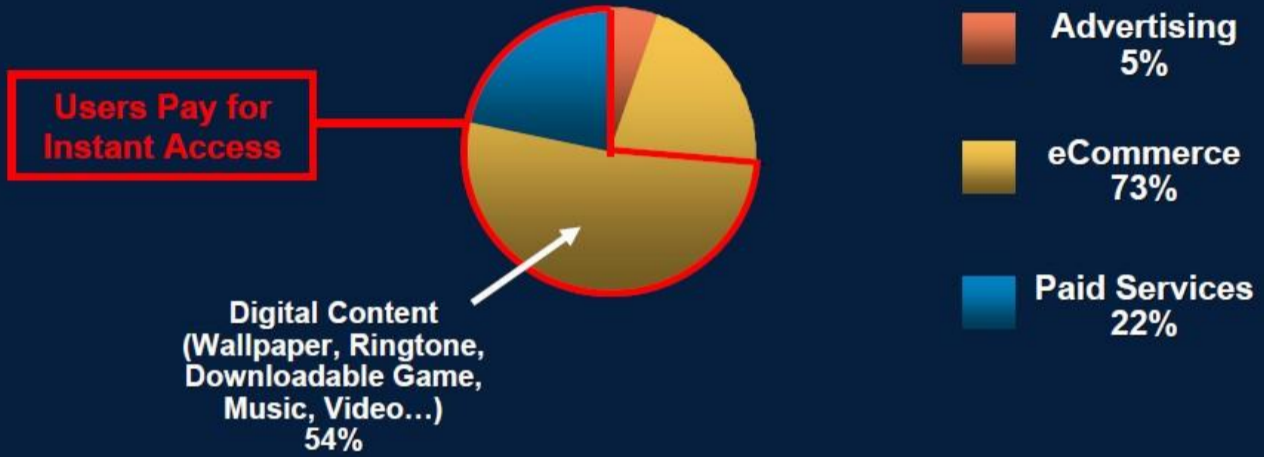


Morgan Stanley

Note: Share of users refers to the percent of users who have accessed these sites on a mobile phone during each year, i.e. 82% of UK mobile Internet users accessed Google in 2008, up from 44% in 2007. Source: Nokia Siemens Networks, Nokia UK Smartphone Study. 46

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	Users	Y/Y Growth	Comments
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445MM⁽¹⁾

+35%

#2 site in global minutes; 1B+ video views each day, 20+ hours of video uploaded each minute; #2 global search engine - 17B search queries on YouTube in 8/09 (+80% Y/Y) vs. Yahoo! sites' 9B searches (+8% Y/Y).^(1,2,3)

facebook.

390MM⁽¹⁾

+153%

#1 site in global minutes - 6B+ minutes spent on Facebook each day; 2B+ pieces of content shared every week; 2B+ photos / 14MM+ videos shared every month; 350K+ applications / 1MM+ developers^(1,4)



55MM⁽⁵⁾

+1171%

Real-time micro-broadcasting; ~5K tweets per second during peak times⁽⁵⁾; available via web + apps + SMS



55MM⁽⁵⁾

+46%

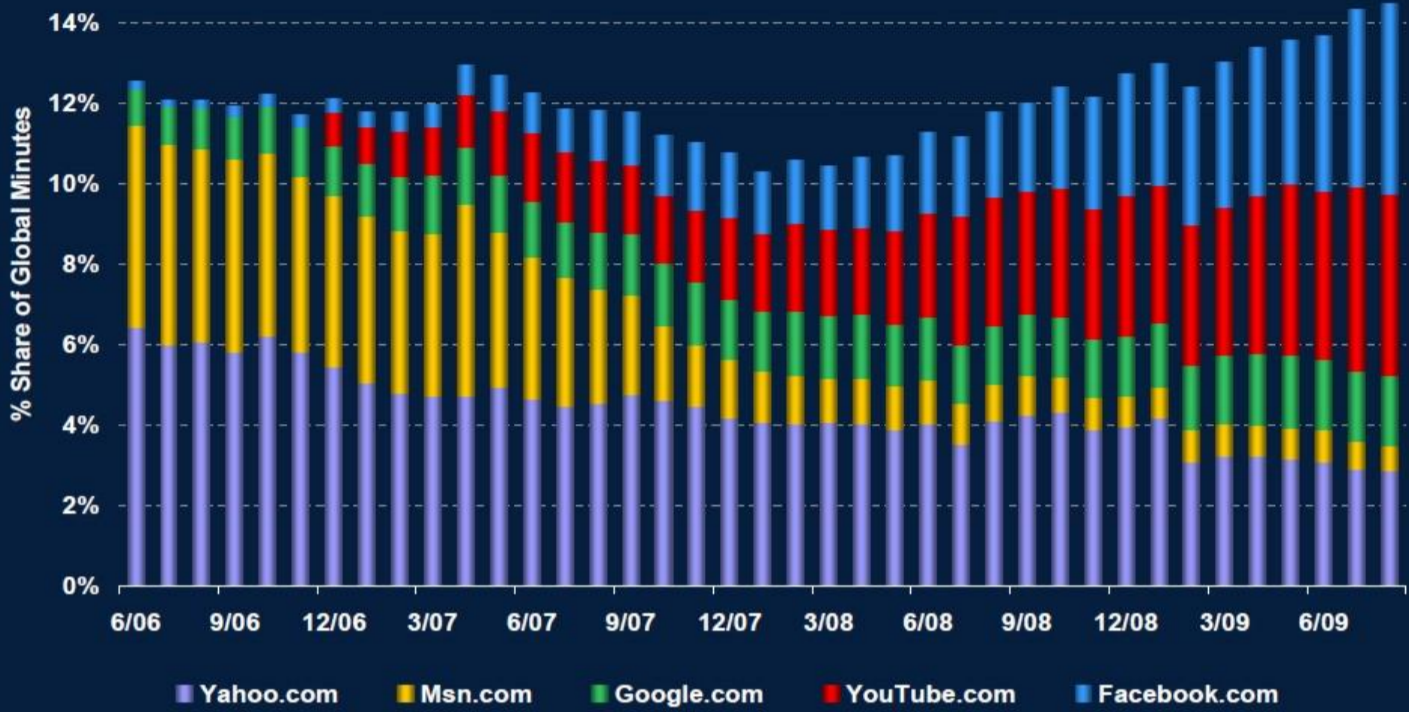
3B+ social media interactions per month across 6 web domains / 1B+ cumulative video streams / ~3K pieces of content produced per day⁽⁶⁾

Morgan Stanley

Source: (1) comScore global 8/09; (2) YouTube; (3) comScore qSearch global, 8/09; (4) Facebook; (5) estimated peak time tweets during President Obama's inauguration in 1/09; (6) Demand Media. 42

Facebook Largest Share Gainer of Online Usage Over Past 3 Years

Share of Global Online Time Spent, 6/06 – 8/09



Morgan Stanley

Source: comScore global, 8/09. 41

CONCLUSIONS :

- Place your bets on **MOBILE INTERNET** and **MOBILE COMPUTING**.
- Social networking platforms are **not profitable**, but necessary as a marketing tool.
- Advertising, apps, marketing, and content plays make sense.



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*But let's credit Yogi
for putting it best...*



*"The future ain't
what it used to be."*

- Yogi Berra

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- Hospitality industry visionary - Founder of Computerized Lodging Systems Inc. (CLS), 2 years on Inc. 500 list of America's fastest growing companies
- 72 investments in early stage ventures - IRR of 97%
- Manages Berkus Technology Ventures, LLC and Kodiak Ventures, L.P.
- Chairman Emeritus of the Tech Coast Angels
- Graduate and currently a Trustee of Occidental College
- Author of "*BERKONOMICS*" and "*Extending the Runway*"
- Board member – 9 private companies; Chairman of 5 – and active member of 5 non-profit boards
- "*Director of the Year*" - Forum for Corporate Directors

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