



Investing in global innovation

# State of the Internet

*Intel's View and Investment Efforts*

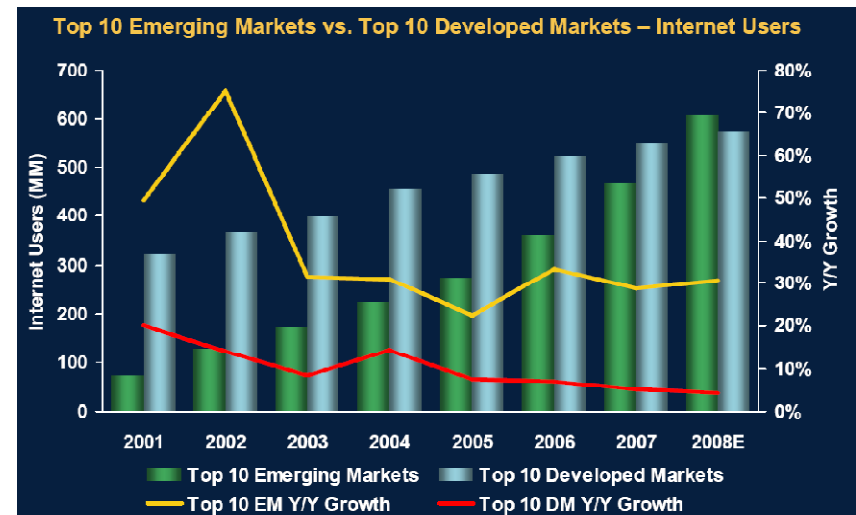
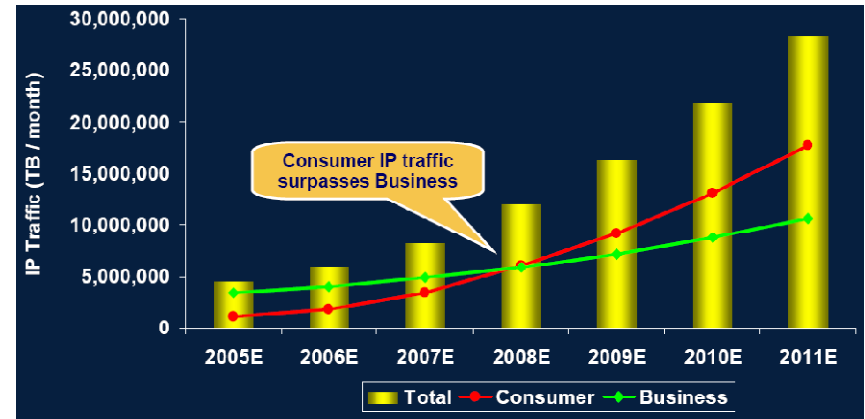
Mike Buckley  
Managing Director  
Intel Capital  
3-24-10

# Growing Role of Consumer in Intel's Ecosystem

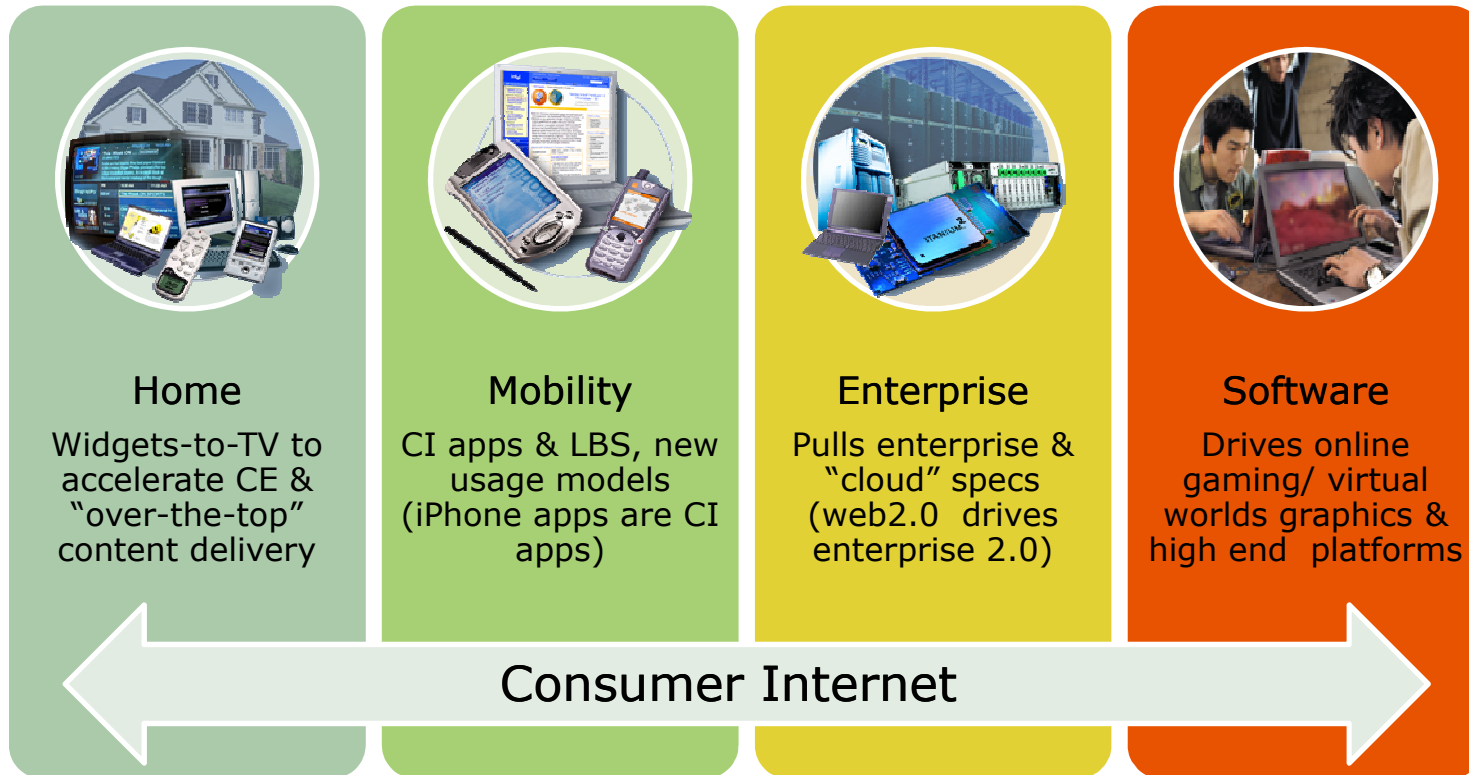
- Consumer spending down
- Technology spending down
- Advertising spend down

BUT...

- Consumer IP traffic has surpassed business
- Consumer demand for digital storage exceeds business demand
- Internet users in top 10 emerging markets surpassed top 10 developed markets
- Consumer Internet is defining the mobile web and home entertainment features
- Intel pushing to 1B connected devices



# Strategic Rationale and Objectives

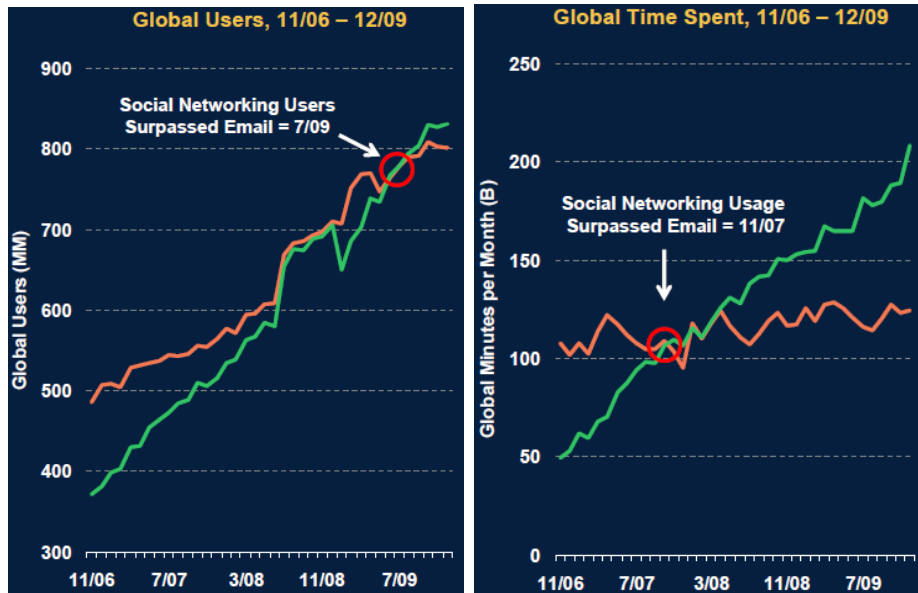


- Enable/accelerate Intel solutions through investment in impactful and innovative Internet partners – *"Strategic and Revenue Deals"*
  - Encourage globalization of compelling solutions – *"Market Development"*
    - Identify disruptive innovations – *"Eyes and Ears"*

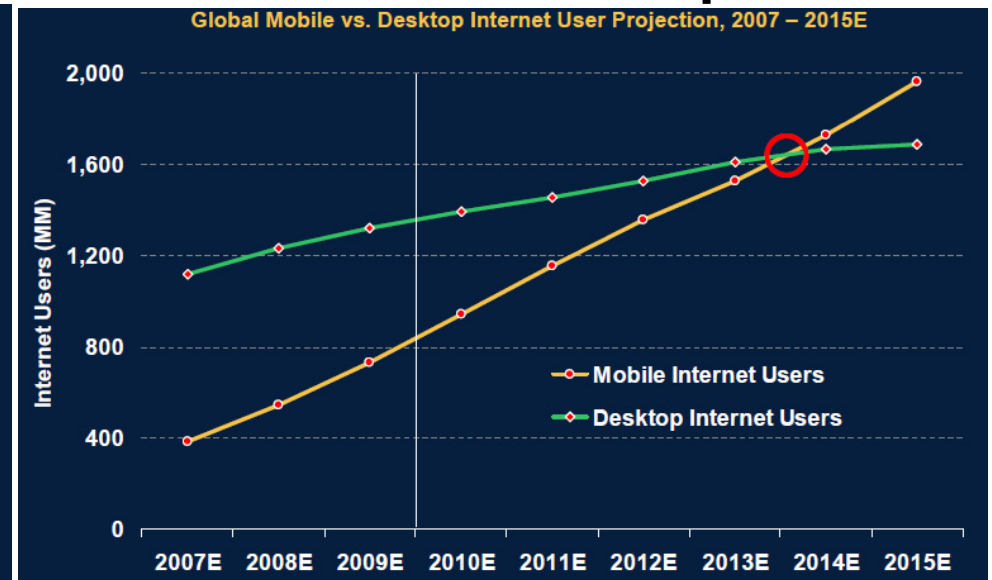
# Rapid Evolution in Consumer Behavior Online

- Communication: Social networking > Email (both # of users and time spent)
- Connectivity & Cloud: Consumers expect excess 24x7 to all devices
- Mobile Internet: Faster ramp than that of the desktop Internet
- Online Commerce: Gaining share versus offline

## Social vs Email

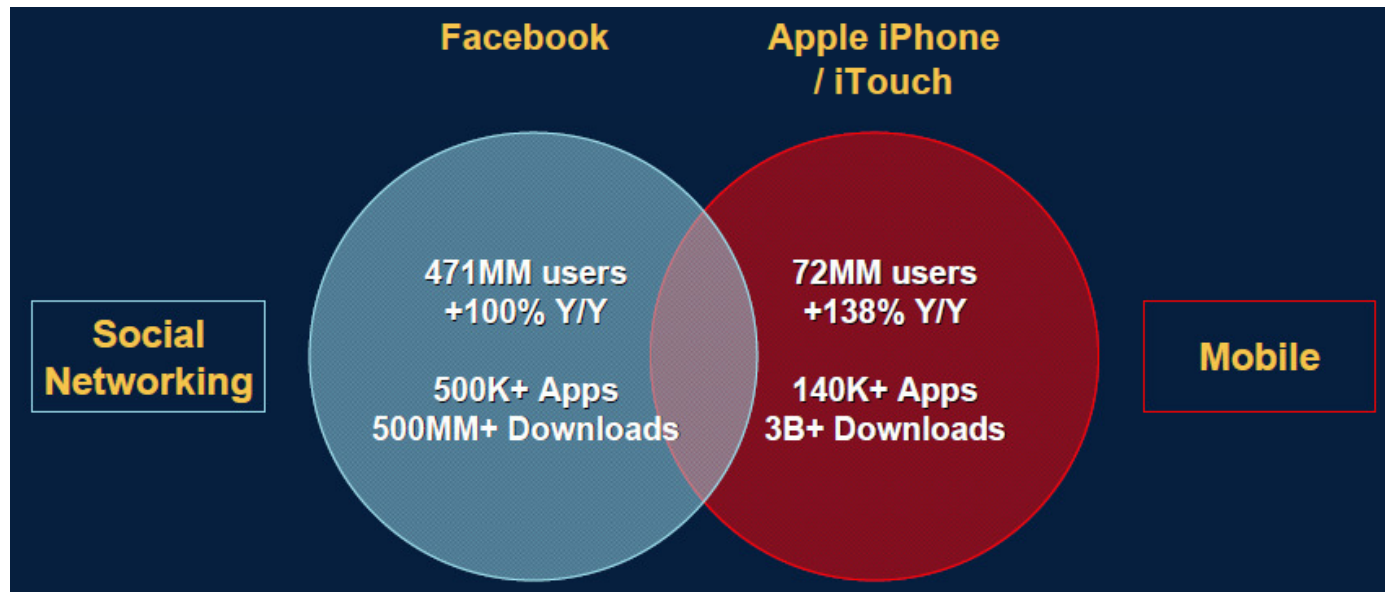


## Mobile vs Desktop



# Powerful Convergence of Innovations

- Mobile broadband penetration
- Social networking
- Video
- Voice-over-IP
- Smart mobile devices



## Example: Mobile Augments/Disrupts Commerce

- Location-based services – Foursquare, Gowalla, Plancast, Yelp
- Transparent pricing – Blippy, ShopSavvy
- Deep discounts (*invitation, group, deal-of-day*) – Gilt Group, RueLaLa, Groupon, Woot!
- Instant gratification – Over-the-air purchase of digital content (music, video, games, books, etc)
- Digital/mobile coupons – CellFire, etc.

**Social is equally powerful and disruptive.  
(e.g. Zynga, PlayFish, Zoosk)**

# Current Active Focus Areas

- Advertising Technologies (e.g. behavioral targeting)
- Content Platforms / Structured Data
- Distributed Computing / Cloud
- E-commerce
- Gaming (commerce [e.g. virtual goods], platforms)
- Local and Location-based Services
- Media/Video (content, platforms, monetization)
- Mobile (applications, search, commerce)
- Real-time Data
- Search (e.g. social, vertical, local)
- Social Media and Platforms

# Portfolio

- Formed 4 years ago, >\$100M invested in 30 companies
- Sample portfolio companies:

## USA



## China



## India

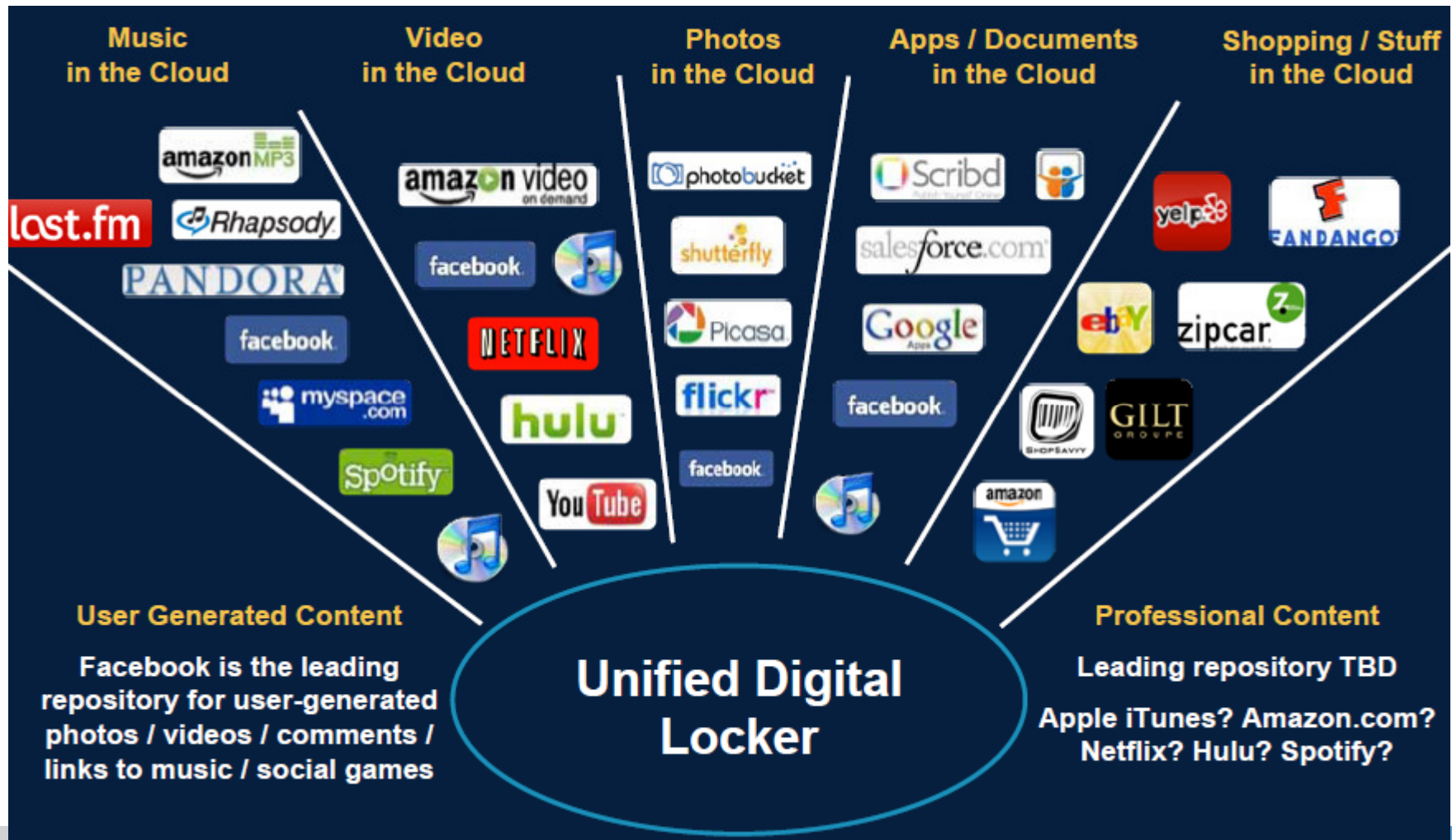


## Latin Am



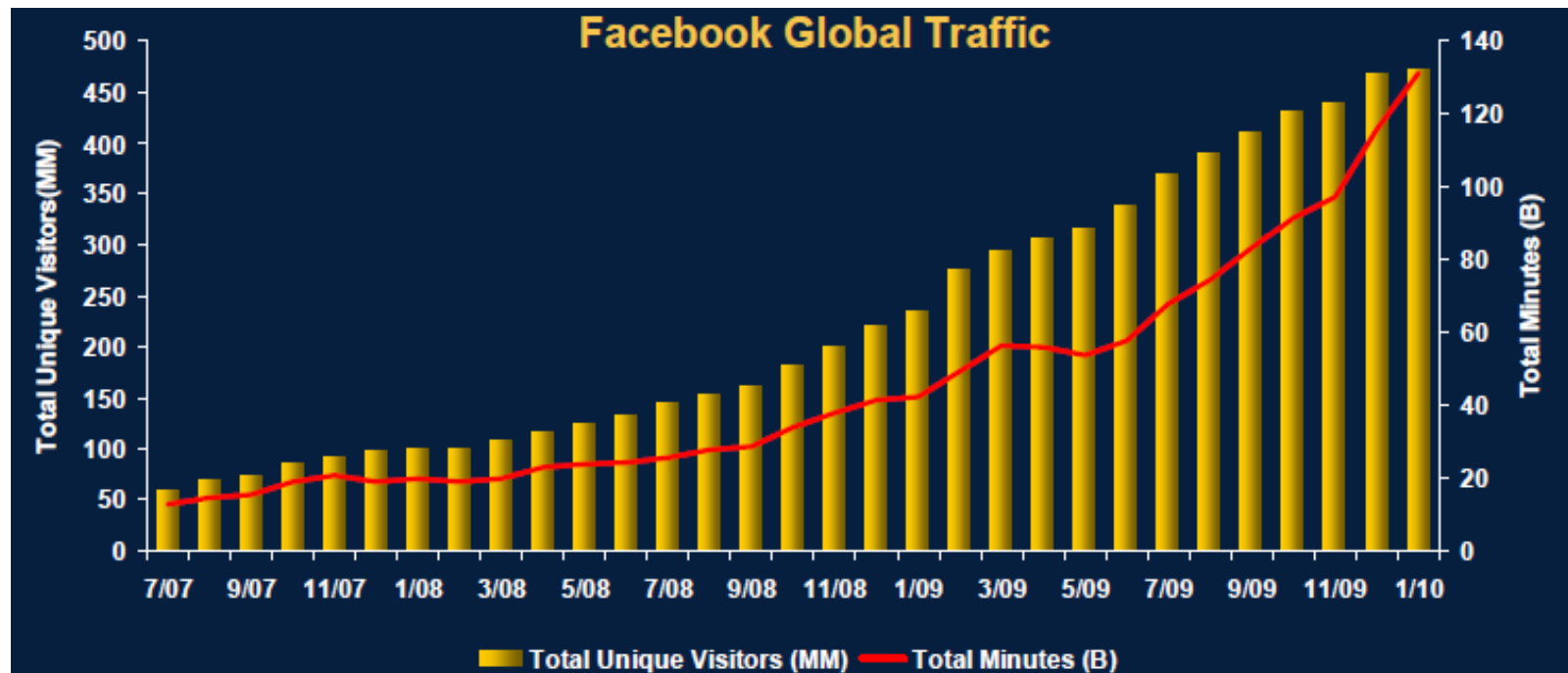


# Robust Cloud-based Consumer Services



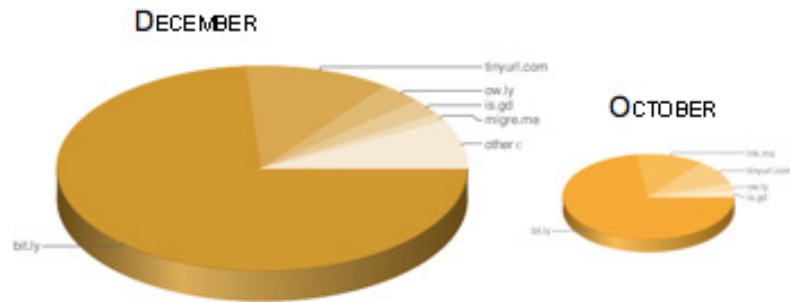
# Staggering Growth of Facebook

- 500M visitors, 400M monthly actives, 200M daily actives
- 100M mobile users, 6x Y/Y growth, mobile users more active
- 1M+ app developers, 500K+ apps, 80K sites using FB Connect



# Twitter and Ecosystem Explodes

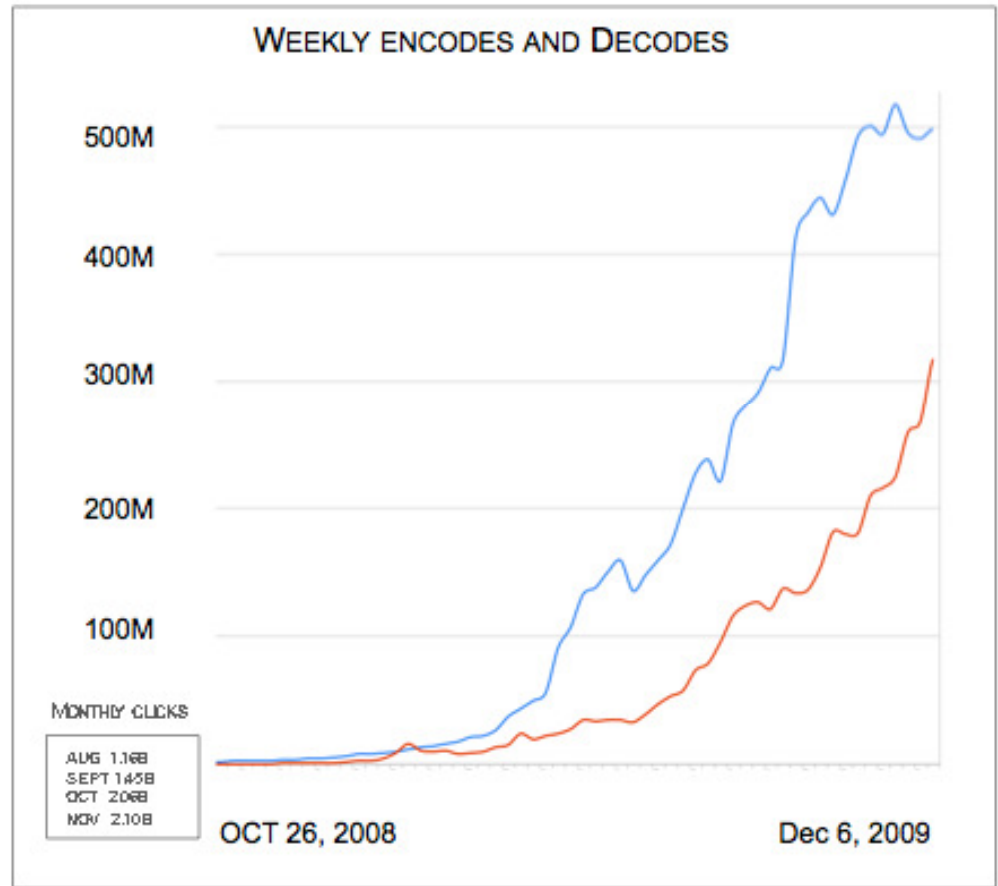
## TWITTER MARKET SHARE



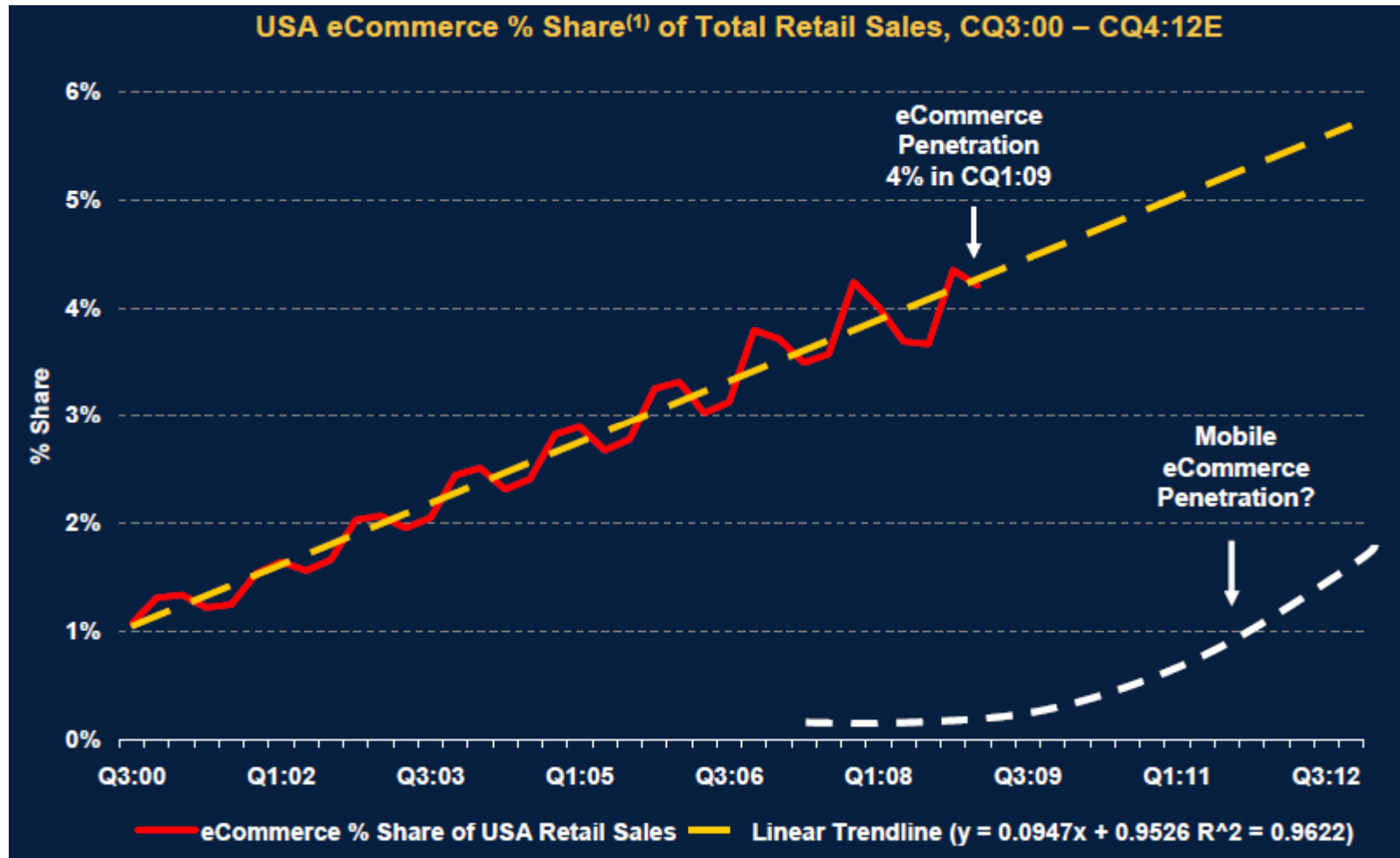
### CURRENT BREAKDOWNS

|               |              |
|---------------|--------------|
| <b>bit.ly</b> | <b>73.8%</b> |
| tinyurl.com   | 11.4%        |
| ow.ly         | 3.3%         |
| is.gd         | 2.6%         |
| migre.me      | 1.3%         |
| cli.gs        | 1.1%         |
| twurl.nl      | 0.77%        |
| <b>j.mp</b>   | <b>0.76%</b> |
| tr.im         | 0.58%        |
| <b>Ink.ms</b> | <b>0.56%</b> |
| retwt.me      | 0.54%        |
| fb.me         | 0.49%        |
| su.pr         | 0.39%        |

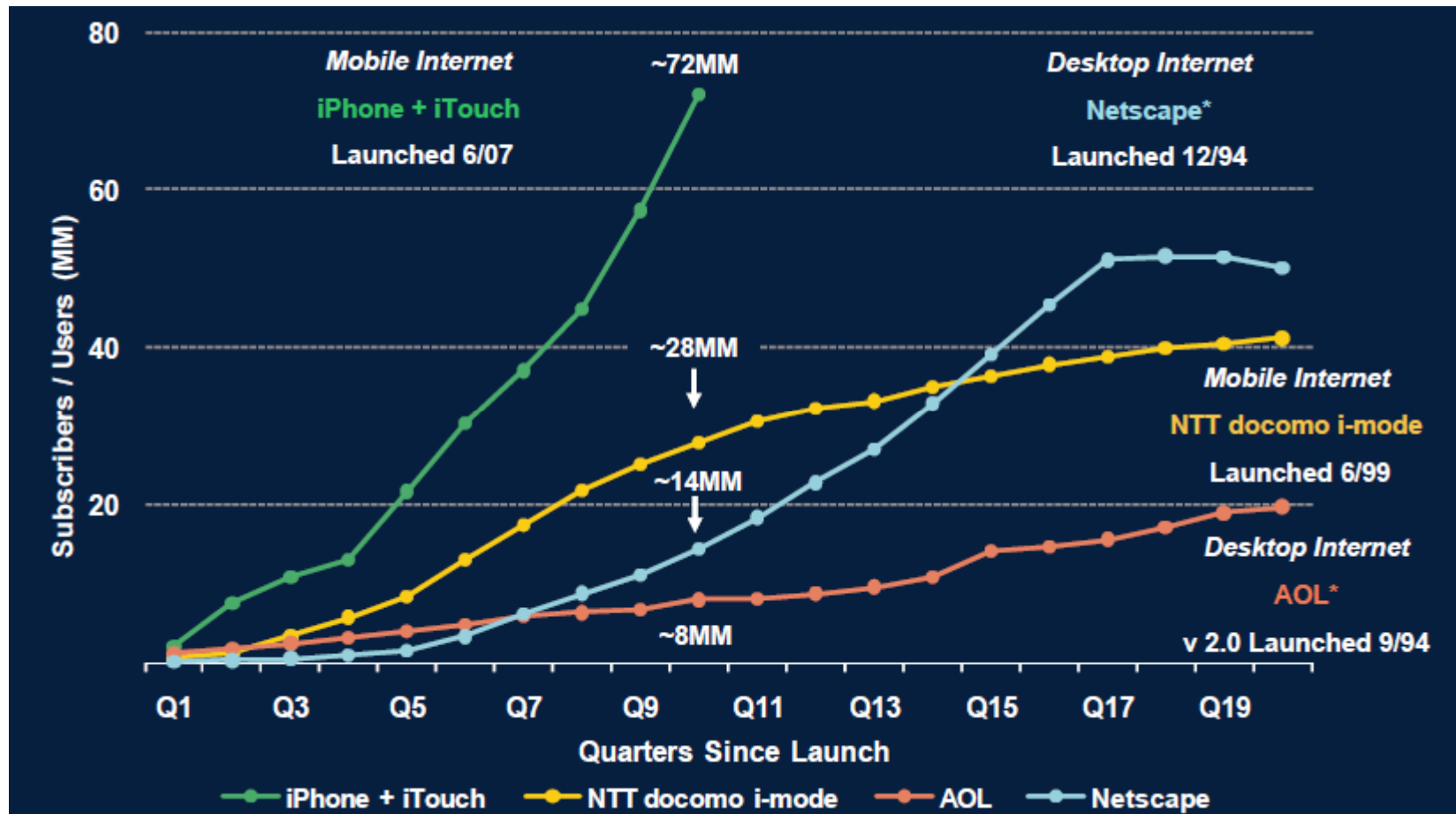
## WEEKLY ENCODES AND DECODES



# Steady Growth of eCommerce Share



# Penetration of iPhone/Touch vs History



# Current Landscape and Outlook

## 1. Consumers increasing their time spent on the Internet...

- Advertisers are therefore shifting more of their budgets online
- Audience fragmentation: Users aggregate around niche interests (widgets, UGC, personalization, citizen journalism)
- Marketers inability to efficiently reach audiences has lead to the rise of ad networks

## 2. Change in consumer behavior online...

- Shift towards social, real-time (Twitter, RSS readers, etc.)
- Demand for meaning, not data: rise of semantic & AI technologies

## 3. Sight, Sound & Motion: Online video consumption explodes

- Content – once exclusively produced & distributed top-down – now competes with individually-produced & distributed channels
- Turning point for the delivery of online video to TV is near

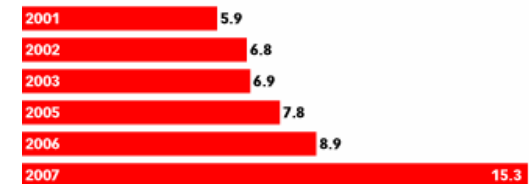
## 4. Disruptive trends in “everywhere” Internet

- Catalysts: selection/pricing of devices (iPhone, gphone, blackberry), data availability (3G, WiMax), open platforms (Android, Symbian)
- Carriers diminishing role in app/media distribution
- Location becomes a platform capability: discovery will be key app

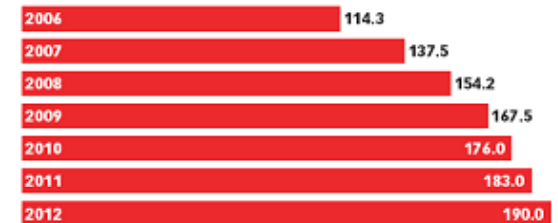
## 5. Emerging Markets – Pacing next wave of technology adoption

- Top 10 emerging markets to surpassed top 10 developed markets in internet users in 2009

Time Spent Online per Week by US At-Home Internet Users, 2000-2007 (average hours)



US Online Video Viewers, 2006-2012 (millions)



Mobile Internet Users (millions)

