# INTERNET TRENDS
# D11 CONFERENCE

**5 / 29 / 2013**

**Mary Meeker / Liang Wu**

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# Outline

- **Key Internet Trends –** Growth Continues
- **Re-Imagination –** Being Re-Imagined & Uploaded
- **Mobile –** Aggressive Momentum
- **Computing –** Yet Another Platform Change…
- **Lots to Learn from China –** Volume + Innovation
- **Most Enabled Entrepreneurs Ever?**
- **So, You Want to Be a Public Company?**
- **High-Skilled Immigration –** Perspective
- **Appendix**
  - Re-Imagination is Alive & Well
  - Traditional Industries Being Re-Imagined
  - USA, Inc.

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# KEY INTERNET TRENDS – GROWTH CONTINUES

# 2.4B Global Internet Users in 2012* – 8% Y/Y Growth*, Driven by Emerging Markets

| Rank | Country | 2008-2012 Internet User Adds (MMs) | 2012 Internet Users (MMs) | Y/Y Growth | Population Penetration |
|---|---|---|---|---|---|
| 1 | China | 264 | 564 | 10% | 42% |
| 2 | India | 88 | 137 | 26 | 11 |
| 3 | Indonesia | 39 | 55 | 58 | 23 |
| 4 | Iran | 35 | 42 | 205 | 55 |
| 5 | Russia | 33 | 70 | 6 | 49 |
| 6 | Nigeria | 31 | 48 | 15 | 30 |
| 7 | Philippines | 28 | 34 | 32 | 35 |
| 8 | Brazil | 27 | 88 | 6 | 45 |
| 9 | Mexico | 19 | 42 | 9 | 37 |
| 10 | USA | 18 | 244 | 3 | 78 |
| 11 | Argentina | 17 | 28 | 57 | 68 |
| 12 | Egypt | 17 | 30 | 11 | 38 |
| 13 | Colombia | 14 | 25 | 39 | 54 |
| 14 | Turkey | 13 | 35 | 17 | 47 |
| 15 | Vietnam | 12 | 31 | 7 | 35 |
| | Top 15 | 654 | 1,473 | 15% | 34% |
| | World | 902 | 2,406 | 8% | 34% |

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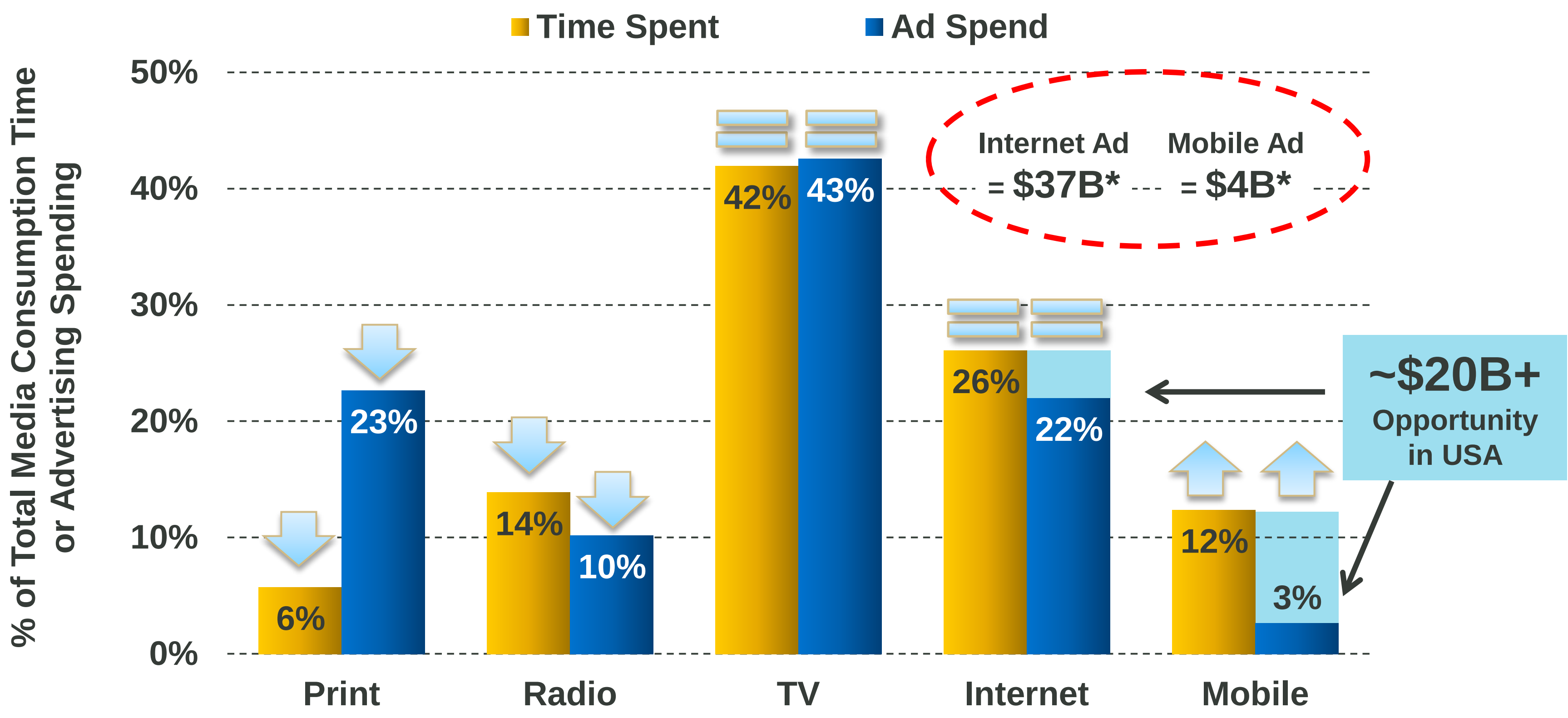
Note: *All data (except China) as of 6/12, 2.4B global Internet users and 8% Y/Y growth rate based on the latest available data. China Internet user data as of 12/12, per CNNIC. Source: United Nations / International Telecommunications Union, internetworldstats.com.

# Material Upside for Mobile Ad Spend vs. Mobile Usage

## % of Time Spent in Media vs. % of Advertising Spending, USA 2012




Note: *Internet advertising reached $37B in USA in 2012 per IAB, Mobile advertising reached $4B per eMarketer. 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 based on eMarketer (adjusted to exclude outdoors / classified media spend), 12/12.

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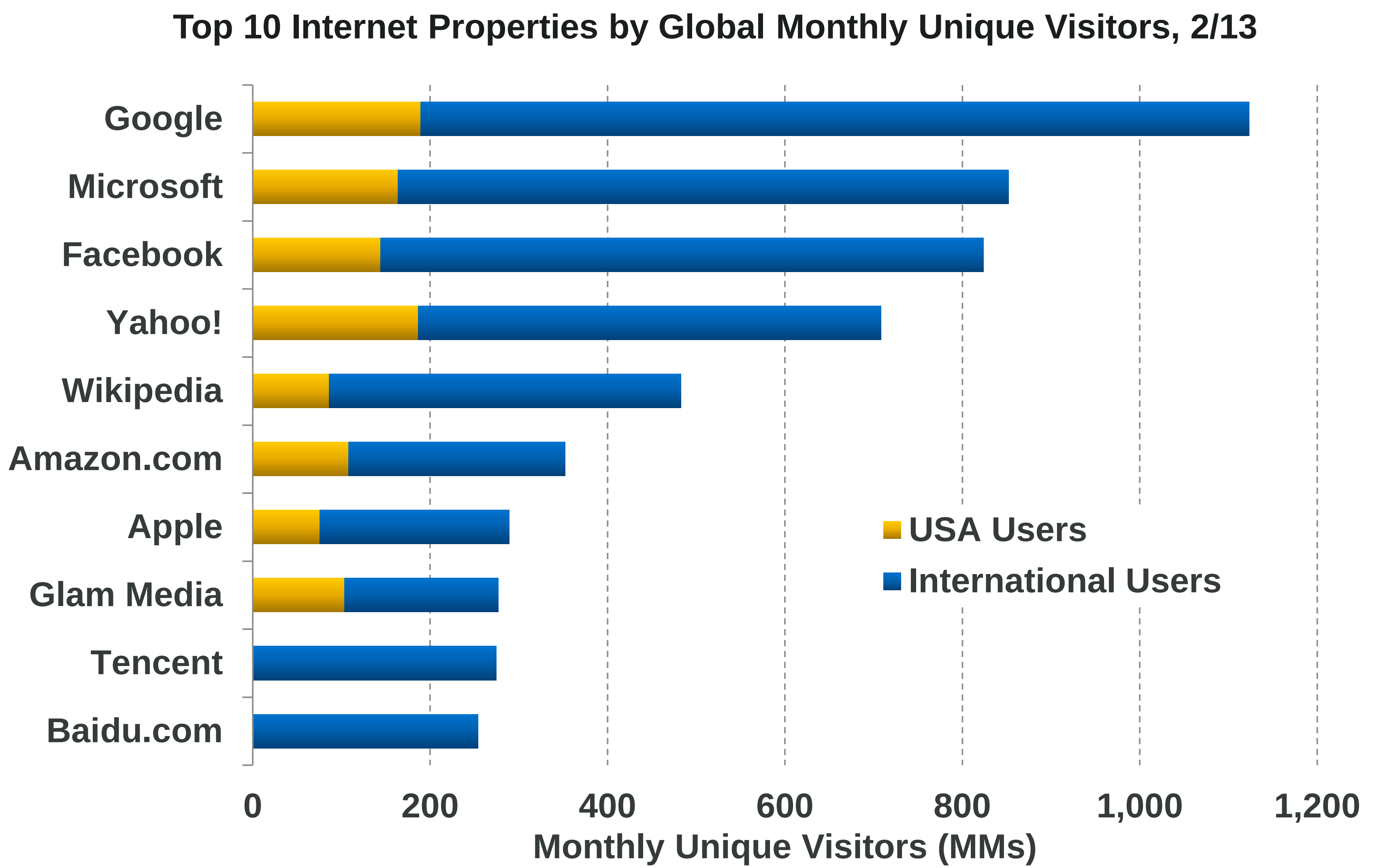
# 80% of Top Ten Global Internet Properties 'Made in USA'…
# 81% of Users Outside America

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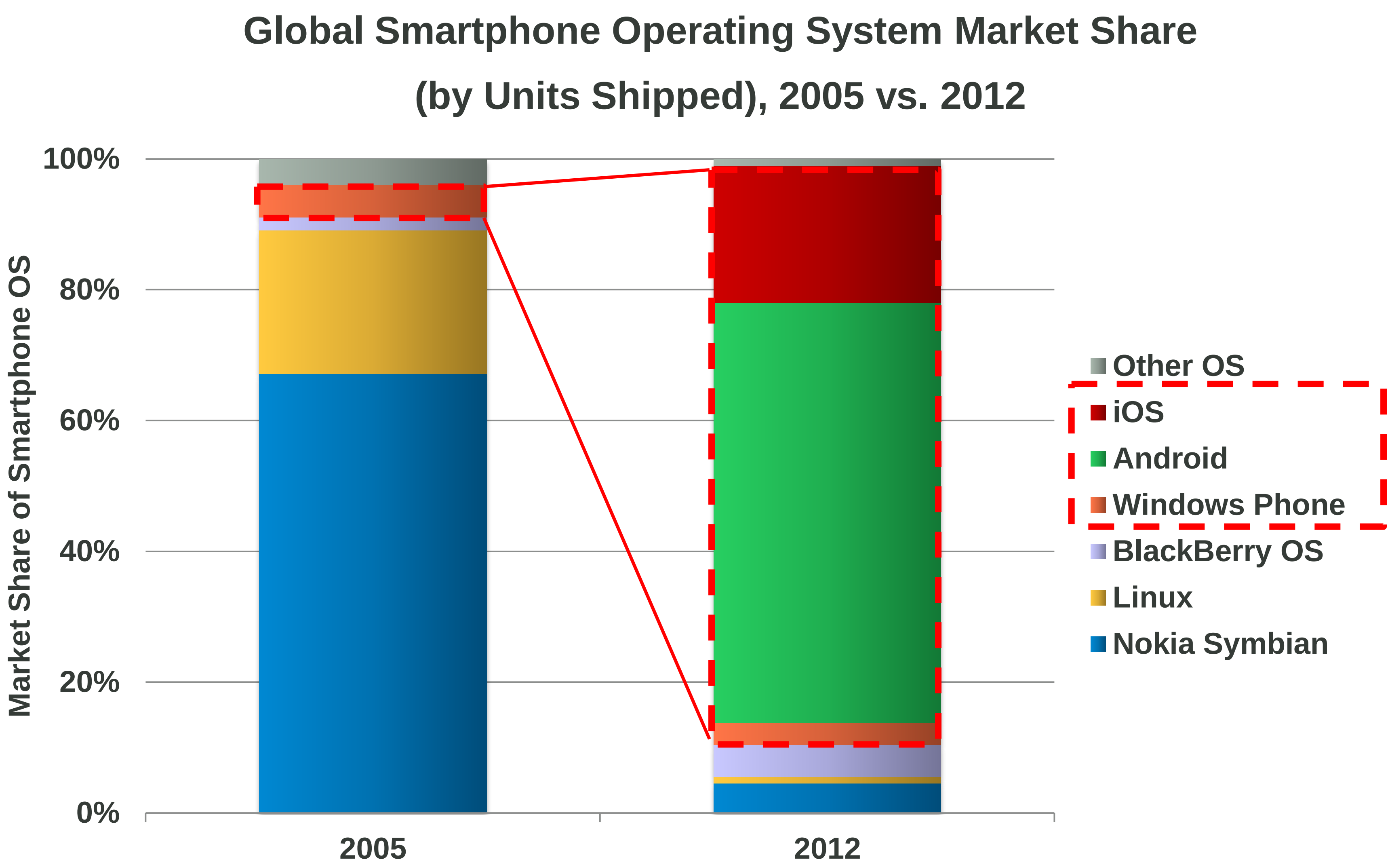
Source: comScore Global, 2/13.

# Global Smartphone Operating Systems 'Made in USA'… 88% Share from 5% Six Years Ago






Source: 2005 data per Gartner, 2012 data per IDC.

# RE-IMAGINATION -
# BEING RE-IMAGINED & UPLOADED @ AN ACCELERATING PACE

# Long Ago, People Danced @ Concerts, Now They Video / Click / Share / Tweet…

**1990s**

**2010s**

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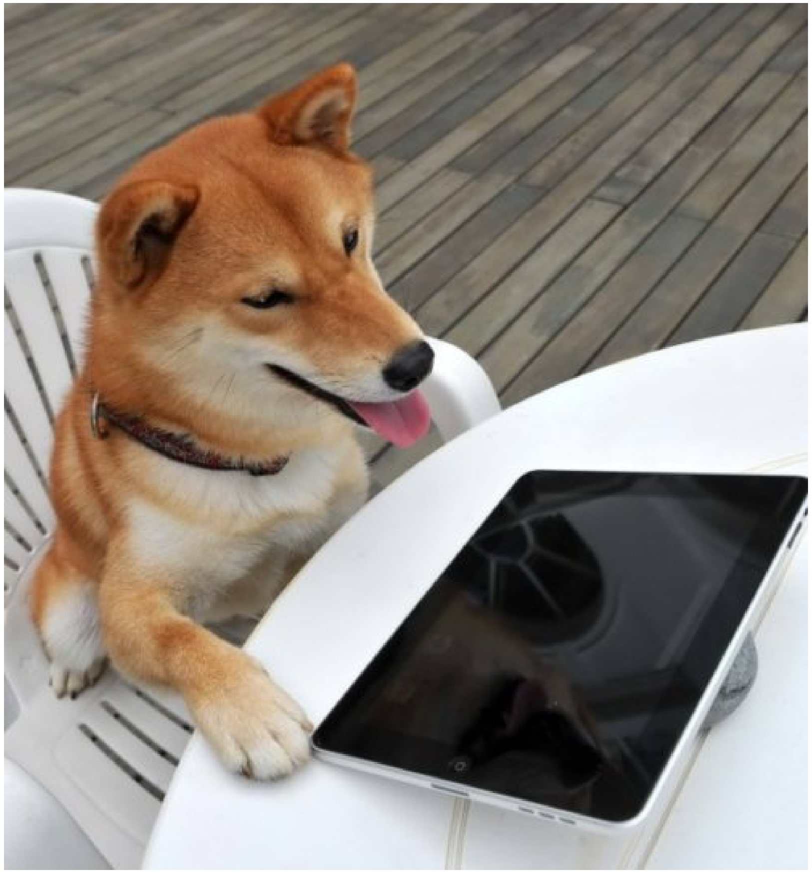
# Today = *You Can Run, But You Can't Hide*

**1993**
***On the Internet, <u>nobody</u> knows you're a dog.***


"On the Internet, nobody knows you're a dog."

**2013**
***On the Internet, <u>everybody</u> knows you're a dog.***



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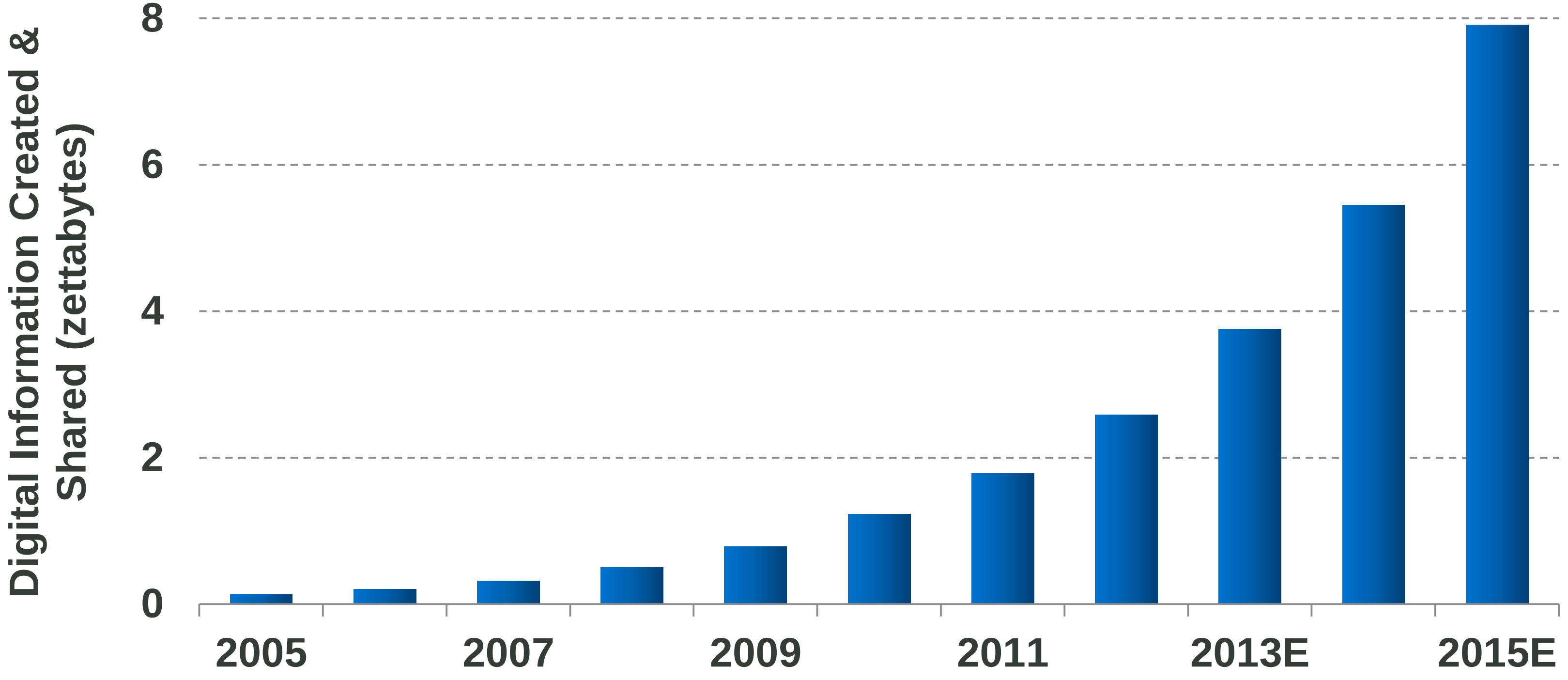
Source: Quote – Joe Louis (American heavyweight boxer), 1946. Left image – Peter Steiner, cartoonbank.com, The New Yorker, 1993. Right image – Tumblr user cachorro no computador.

# World's Content is Increasingly Findable + Shared + Tagged - Digital Info Created + Shared up 9x in Five Years

*Amount of global digital information created & shared*
*– from documents to pictures to tweets –*
*grew 9x in five years to nearly 2 zettabytes* in 2011, per IDC.*

**Global Digital Information Created & Shared, 2005 – 2015E**

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Note: * 1 zettabyte = 1 trillion gigabytes. Source: IDC report "Extracting Value from Chaos" 6/11.

# Media + Data Uploading + Sharing from Mobiles = Ramping Fast & Still Early Stage

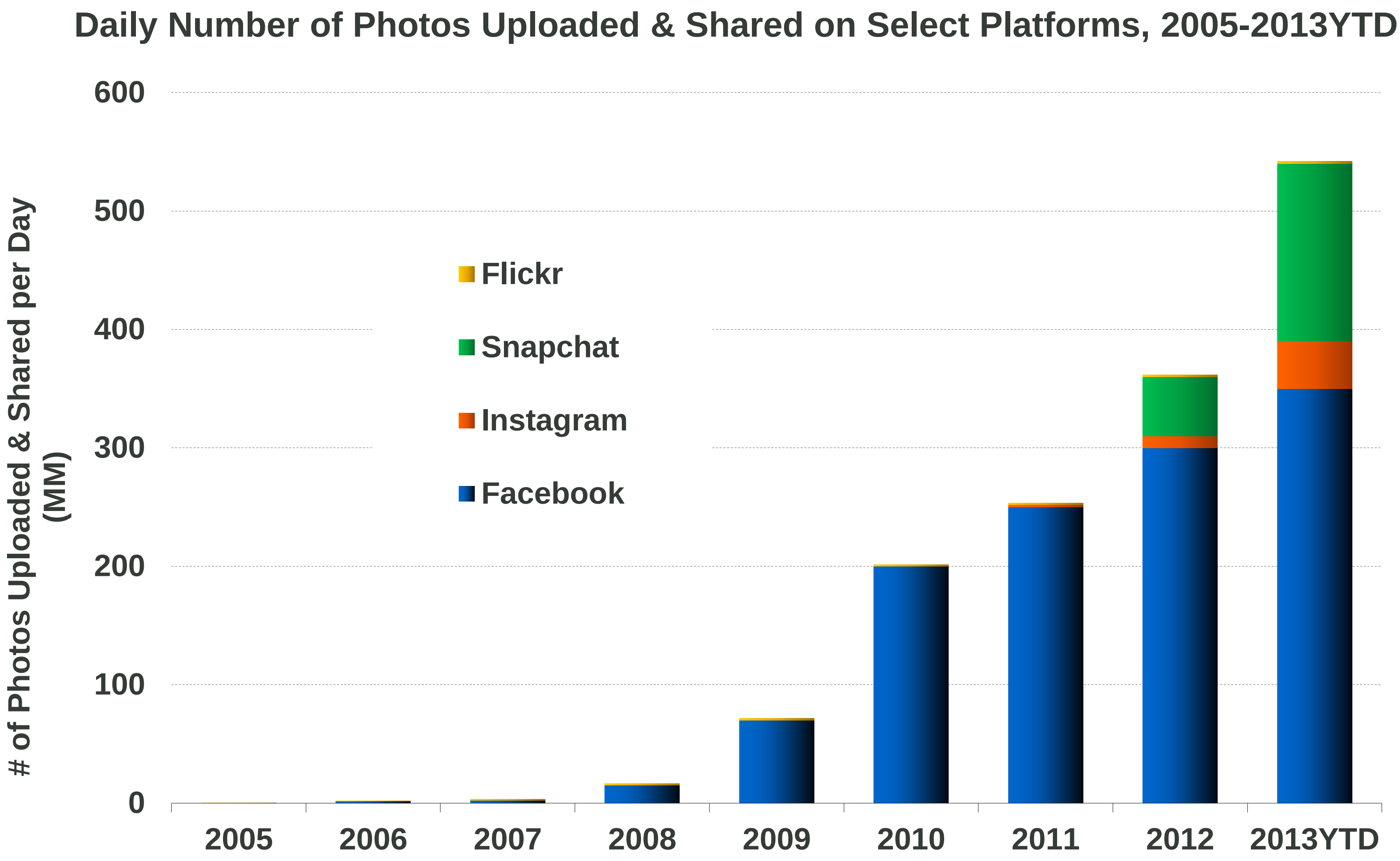
| First | Now | Next | Next |
|---|---|---|---|
|  |  |  |  |
| **PHOTOS** | **VIDEO** | **SOUND** | **DATA** |
| **Explosive Growth, But Still Early Stage** | **Ramping Very Fast** | **Emerging** | **Emerging** |



Source: Far right Illustration – Eric Prommelt.

# ***Photos…***

# **Photos** = 500MM+ Uploaded & Shared Per Day, Growth Accelerating, on Trend to Rise 2x Y/Y…

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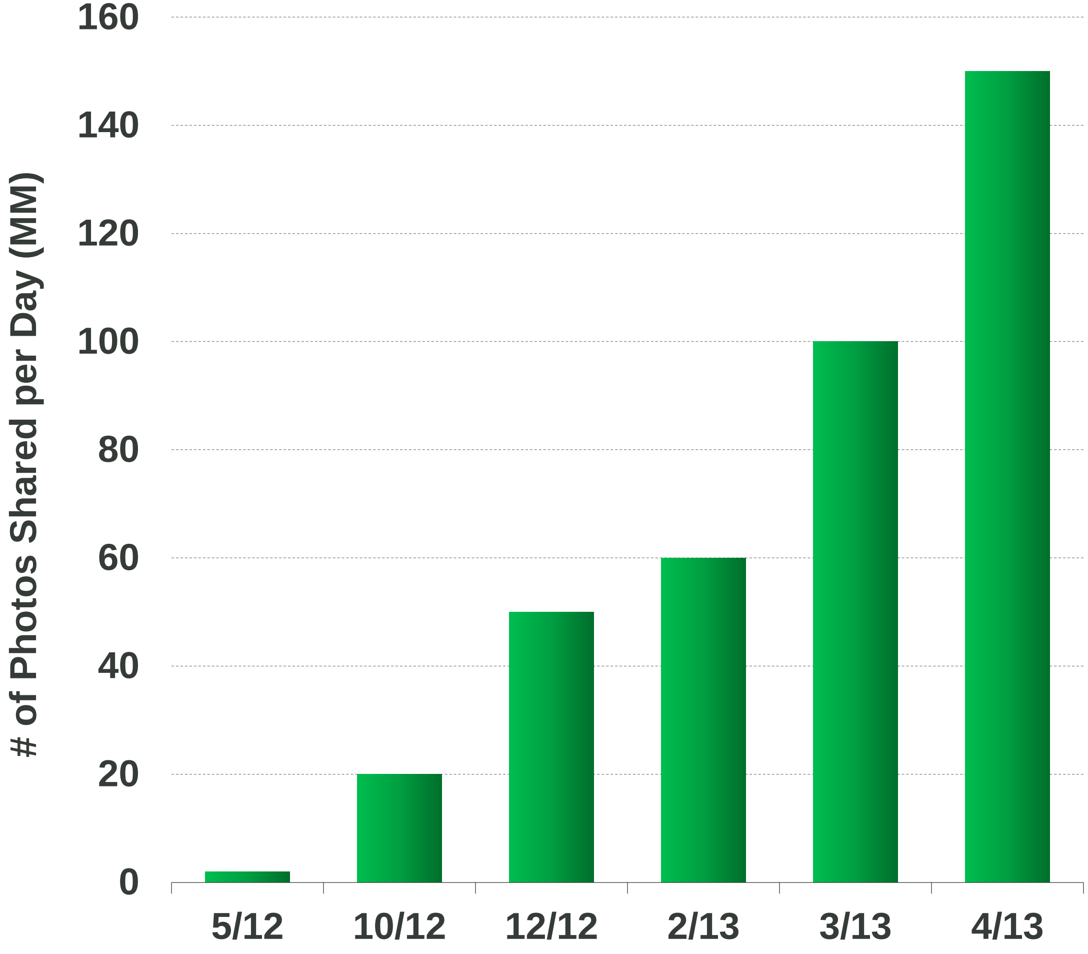
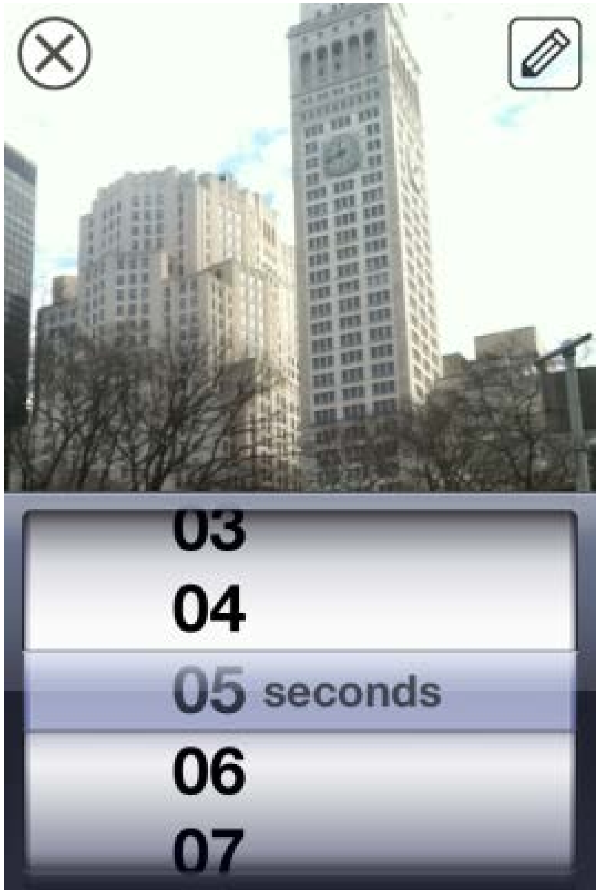
Source: KPCB estimates based on publicly disclosed company data.

# **Short-Term Sharing Exploding** – Snapchat Growth From Content That Disappears, Up >2x in 2 Months

**Snapchat Daily Number of 'Snaps'**
**5/12 – 4/13**




**Choose How Long Your 'Snap' Lives**

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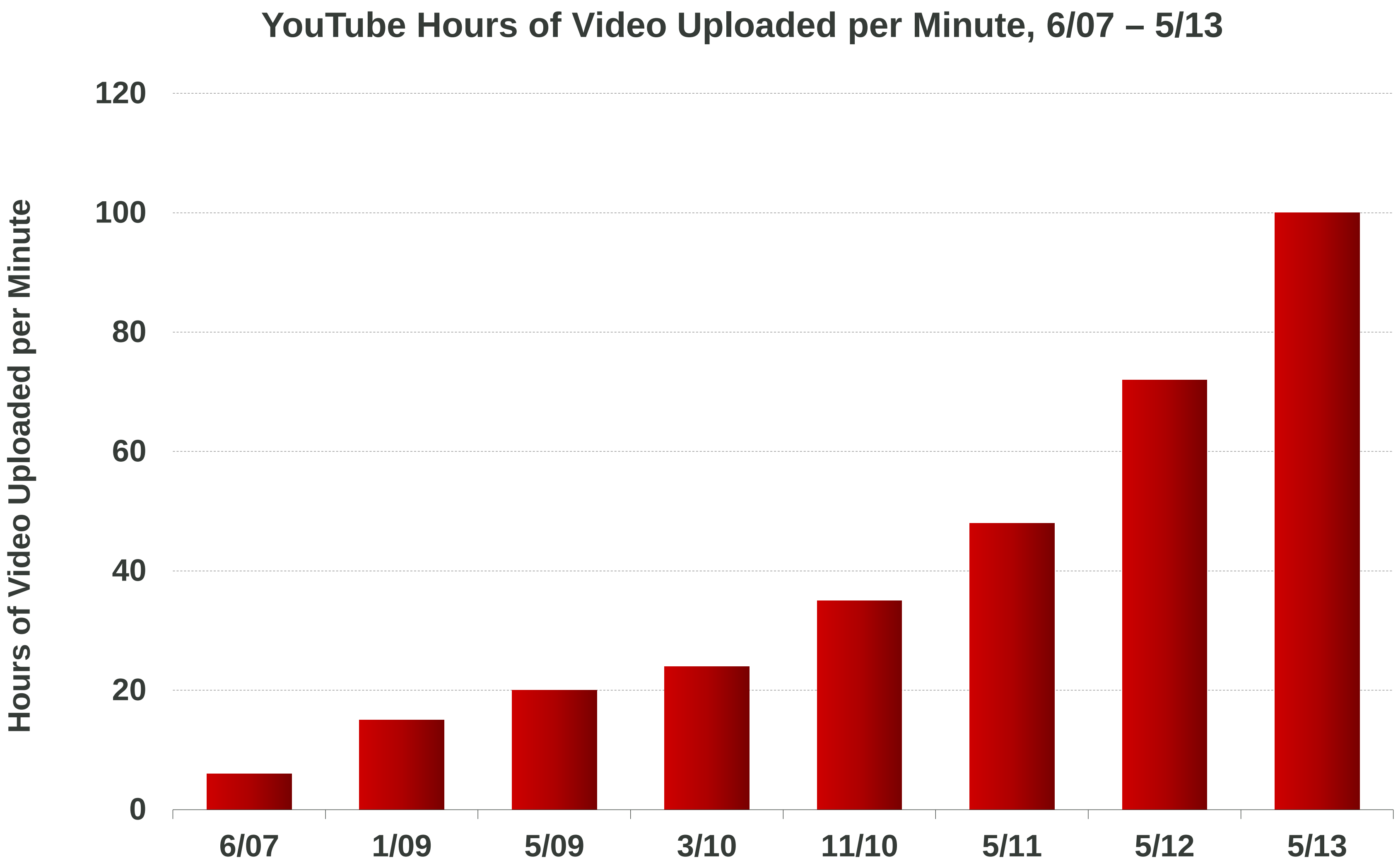
Source: Snapchat.

***Video…***

# **Video** = 100 Hours Per Minute Uploaded to YouTube, Up from ~Nada Six Years Ago

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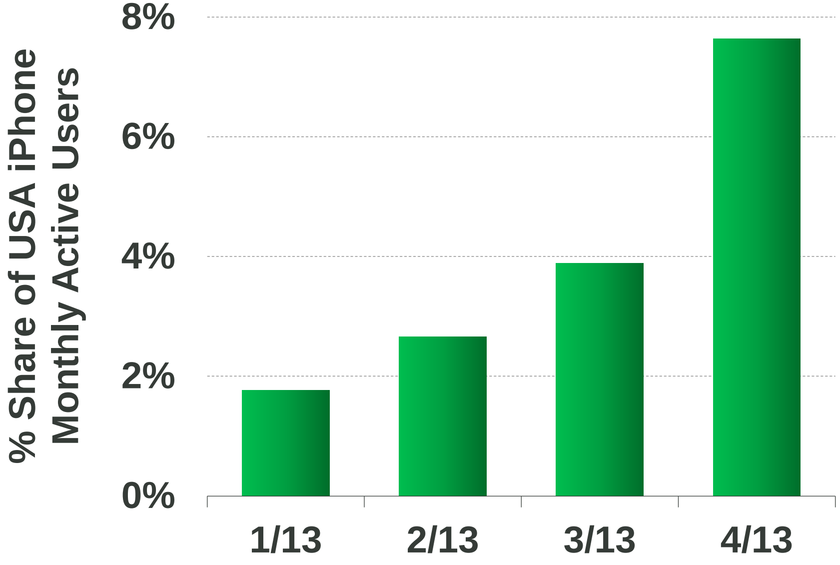
Source: YouTube.

# Video (Short-Form + Persistent) = Ramping Fast

## Twitter Vine

**6 Second Videos**
**2x M/M Growth**

**Vine iOS App Monthly Active Users (MAUs) as % of Total USA iPhone MAUs, 1/13-4/13**




## Dropcam ($149 ASP)

**More Video Uploaded per Minute Than YouTube**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Source: Onavo, Dropcam.

# Opt-In Video – 'Big Brother' Meets Big Mother?

**30% of Dropcam viewers used Talk Back to interact over past 2 weeks.**

*When I am on the road, I still join my husband in singing bedtime lullabies using Dropcam, a Wi-Fi video monitoring camera that streams to my phone and computer.*

– Randi Zuckerberg

**Parents Can See & Talk With Children While Away From Home**



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Source: Dropcam,5/13. Mashable, 4/13

***Sound…***

# **Sound =**
# Emerging as Voice Comes Back to Phones…

## SoundCloud

**11 Hours of Sound Uploaded per Minute**


## Tencent WeChat

**400MM+ Users, 4x Y/Y**


Source: SoundCloud, Tencent.

***Data…***

# **Win-Win-Win Sharing =** Growing Quickly – You Help Me, I Help You, We Help Others

## Waze

- 48MM Users, +2x Y/Y
- 1B+ Miles Driven per Month w/ Waze Open

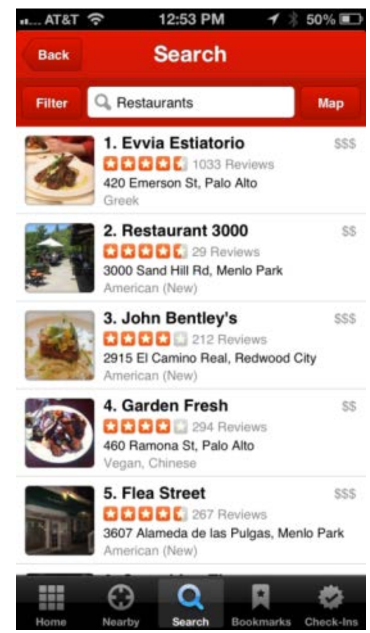

## Jawbone UP

Per Day…

- Billions of Steps
- 700K+ Hours of Sleep
- 5x App Interactions per User

## Yelp

- 102MM Users, +43% Y/Y
- 39MM User-Generated Reviews, +42% Y/Y

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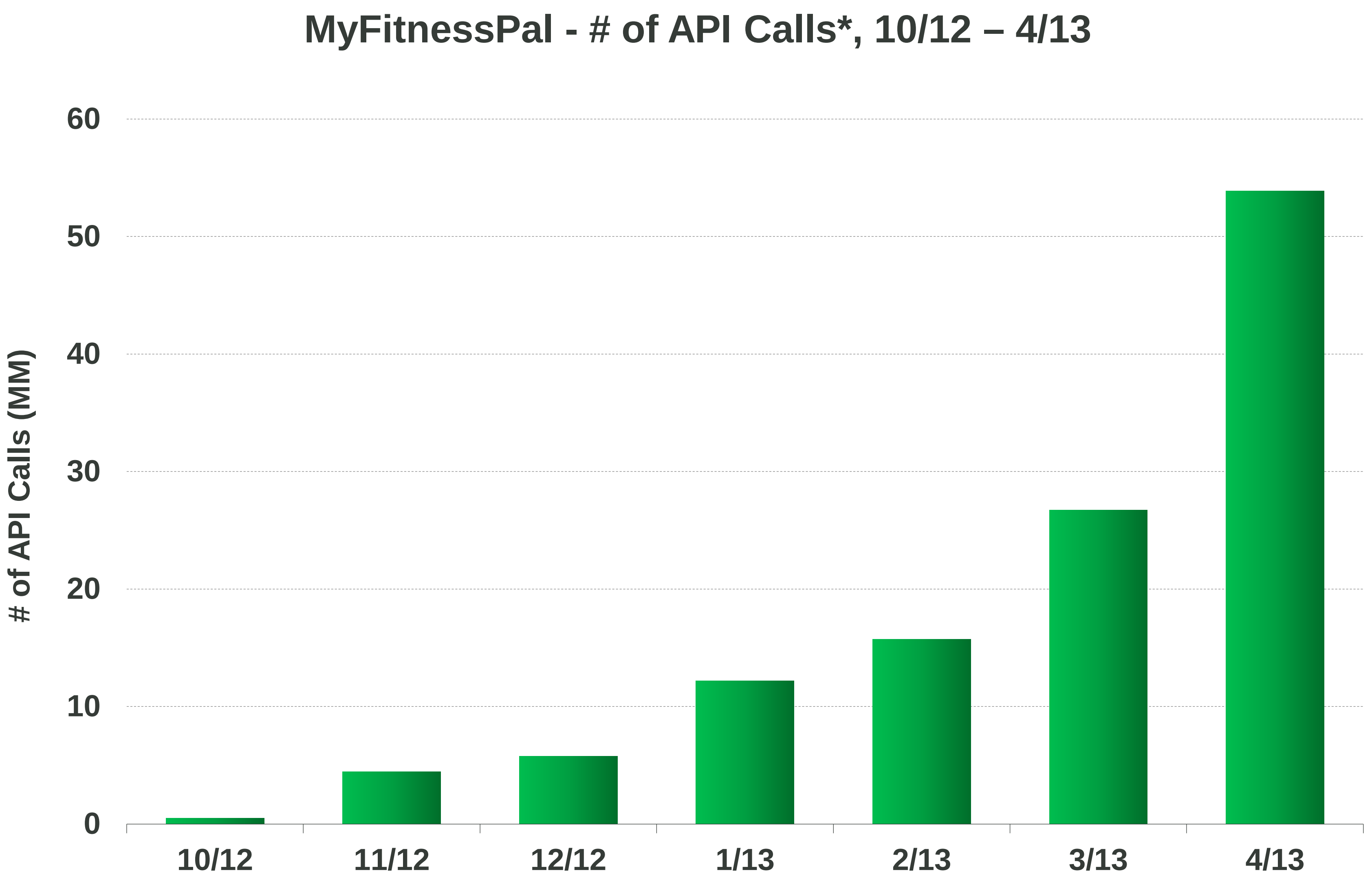
# Fitness Data on Mobile + Wearable Devices = ~2x Month-on-Month Growth

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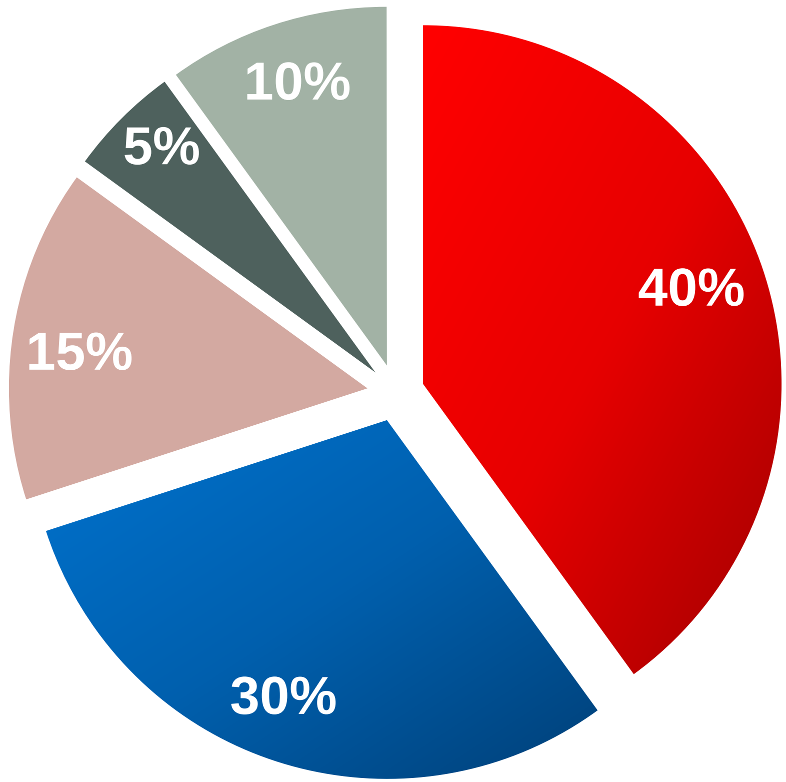
Note: *API calls are data request from fitness devices (such as Jawbone UP) and GPS-enabled activity tracking apps (such as Endomondo / Runtastic) that partner with MyFitnessPal. Source: MyFitnessPal.

# Health Outcomes –
Behavior (at 40%) is Biggest Driver of Premature Death

## USA Proportional Contribution to Premature Death, 2007




Behavioral Patterns*
Genetic Composition
Social Circumstances
Environmental Exposure
Health Care

*Smoking: 44%, Obesity & Inactivity 37%, Alcohol 9%, Other 10%.

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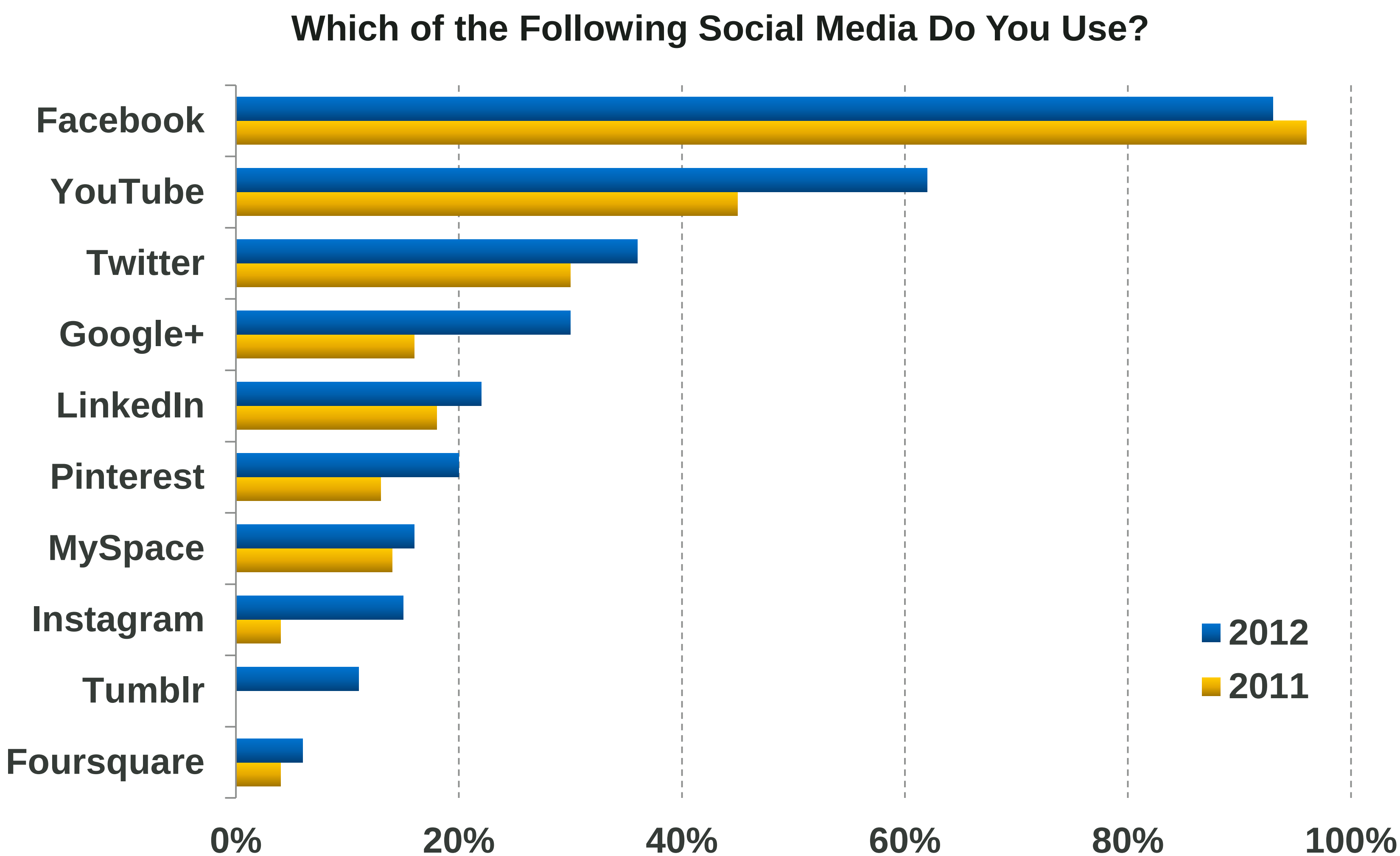
Source: "We Can Do Better — Improving the Health of the American People" - The New England Journal of Medicine, 2007.

***Sharing…***

# **Social Media** – Facebook Leads, YouTube + Twitter + Google+ + Pinterest + Instagram + Tumblr Rising Fast

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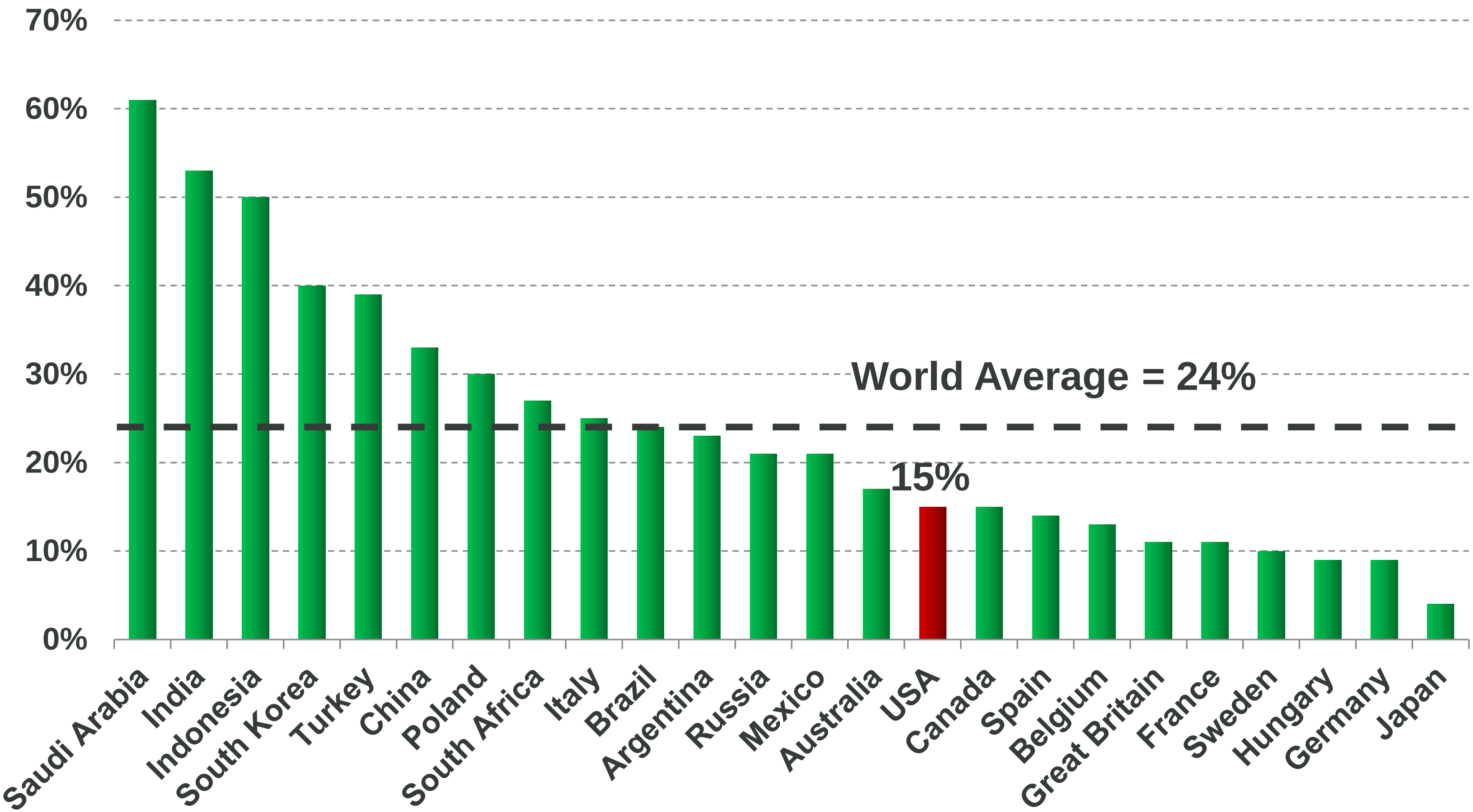
Source: Frank N. Magid Associates, "Facebook Fatigue - Fact or Fiction?", March 2013.
Based on a study of 2K social media users aged 12-64 who were asked "Which of the Following Social Media Do You Use?"
2011 Pinterest and Instagram data from 9/12 / 4/12.

# Americans = Sharing Underachievers…

**% of Respondents Indicating They Share 'Everything' or 'Most Things' Online, 5/13***




Source: Ipsos OTX.
*Survey was published on May 14, 2013, the underlying data derived from an online survey (weighted sample size of 12,000 across 24 countries) conducted between January 1-18, 2013. Survey question is "describe how much you share online (including status updates, feelings, photos, videos, links, etc.)"

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# Unprecedented Transparency in Time of Tremendous Global Uncertainty…

## Ramp in Always-On Connected Global Citizens

- 1.1B+ global active Facebook users…68% on mobiles…60% log in daily…with average 200+ friends… 350MM photos uploaded daily…*
- It’s hard to hide - ‘truth’ can be a photo or video / click–send away.
- ‘Clean, well-lighted place to do business?’ ‘People are basically good?’
- Perhaps the world is on cusp of being safer than ever?
- There are lots of sacrifices. This is new terrain.
- Only time will tell how all this plays out…

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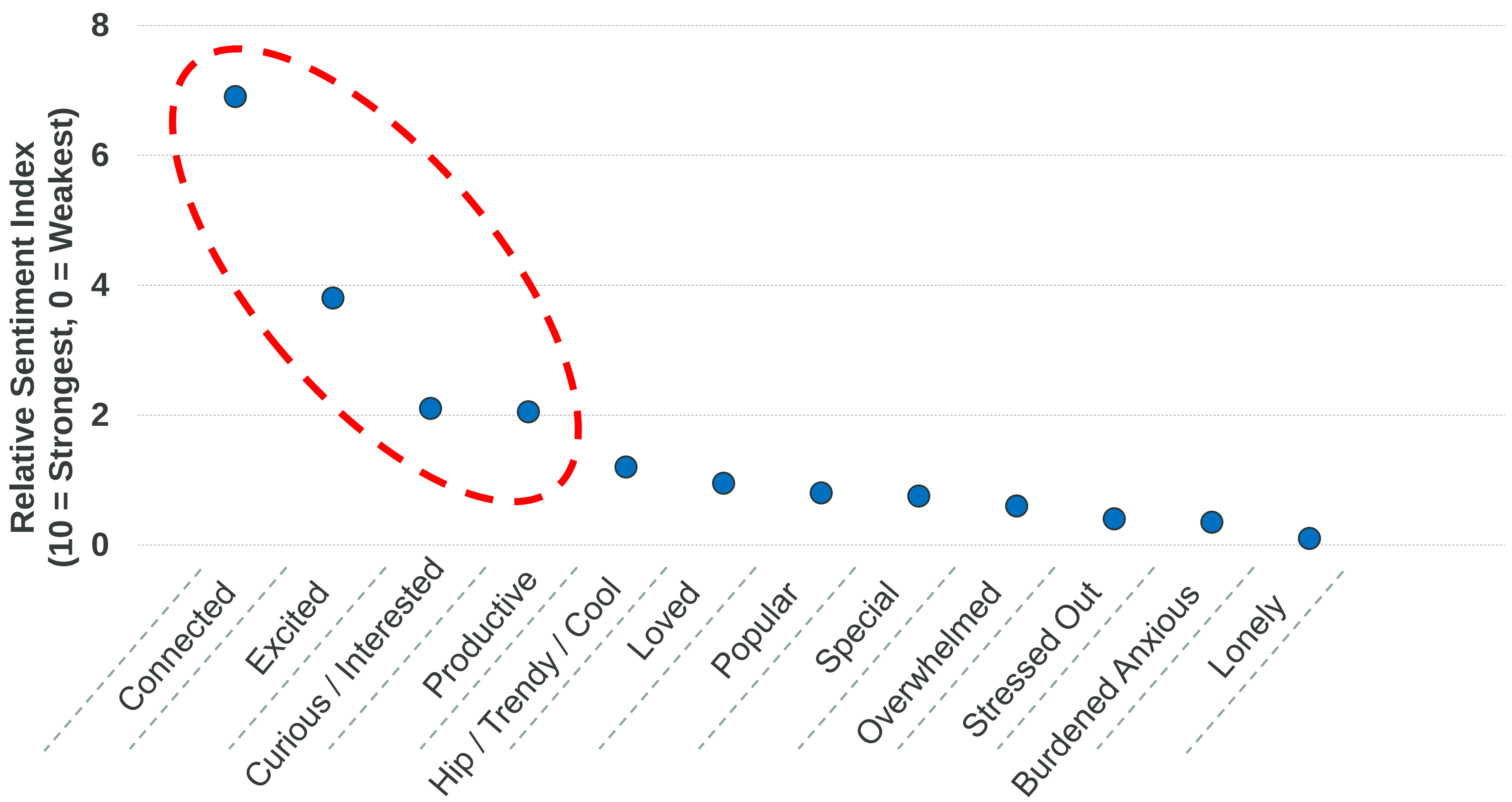
* Source: Facebook, 5/13.

# MOBILE –
# AGGRESSIVE MOMENTUM

# Smartphones = Extraordinary Attributes -
Connected + Excited + Curious / Interested + Productive

**USA Smartphone User Relative Sentiment Index (10 = Strongest, 0 = Weakest), 3/13**
**When Asked How Social and Communication Activities on Smartphones Made You Feel**

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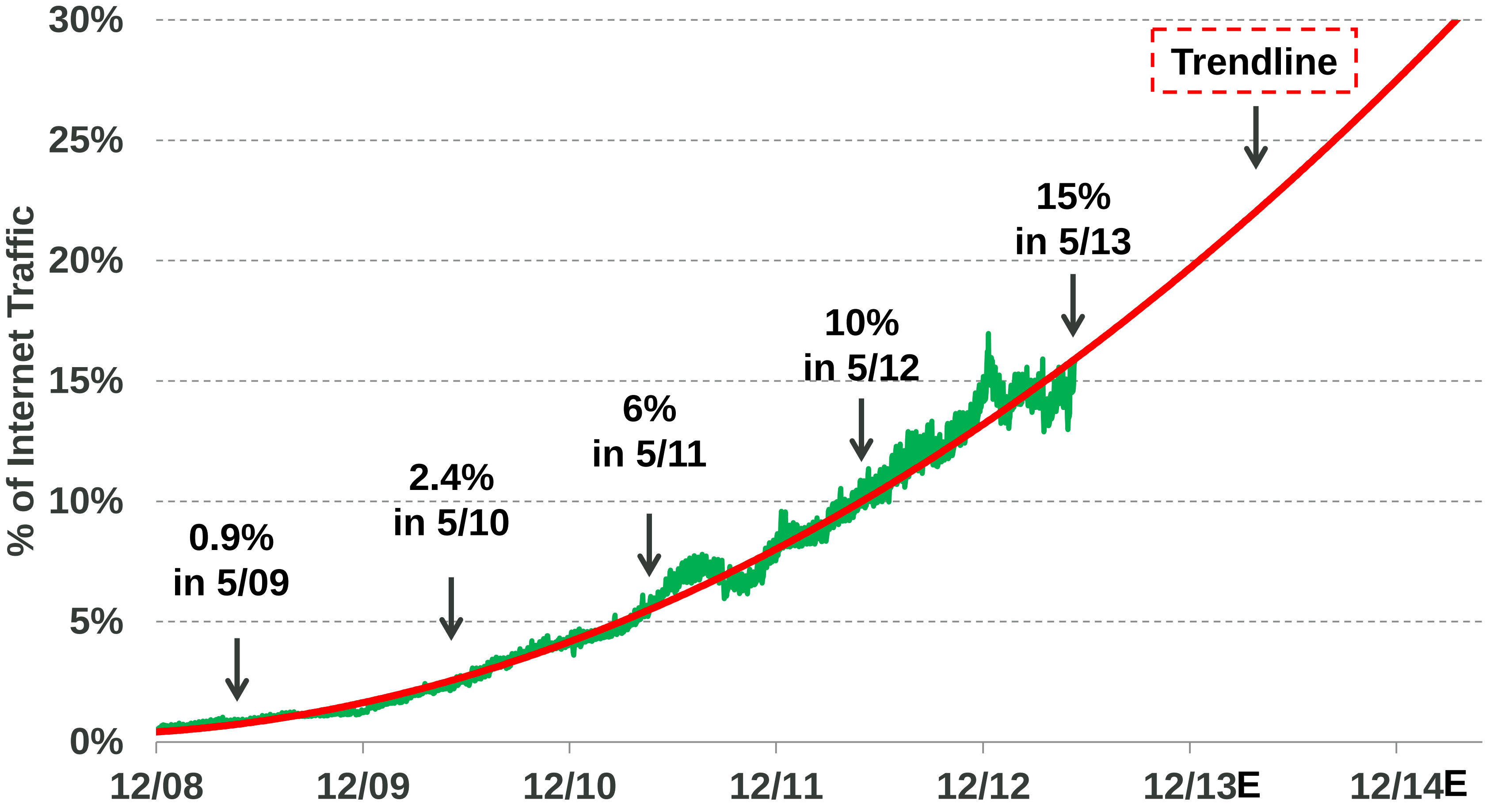
Source: IDC, 3/13. Facebook-sponsored research asked smartphone owners how an array of social and communication activities on their phones made them feel. Most owners use ~7.4 social and communications apps on their phones. Responses are indexed above.

# **Mobile Traffic as % of Global Internet Traffic =**
# Growing 1.5x per Year & Likely to Maintain Trajectory or Accelerate

**Global Mobile Traffic as % of Total Internet Traffic, 12/08 – 5/13**
**(with Trendline Projection to 5/15E)**

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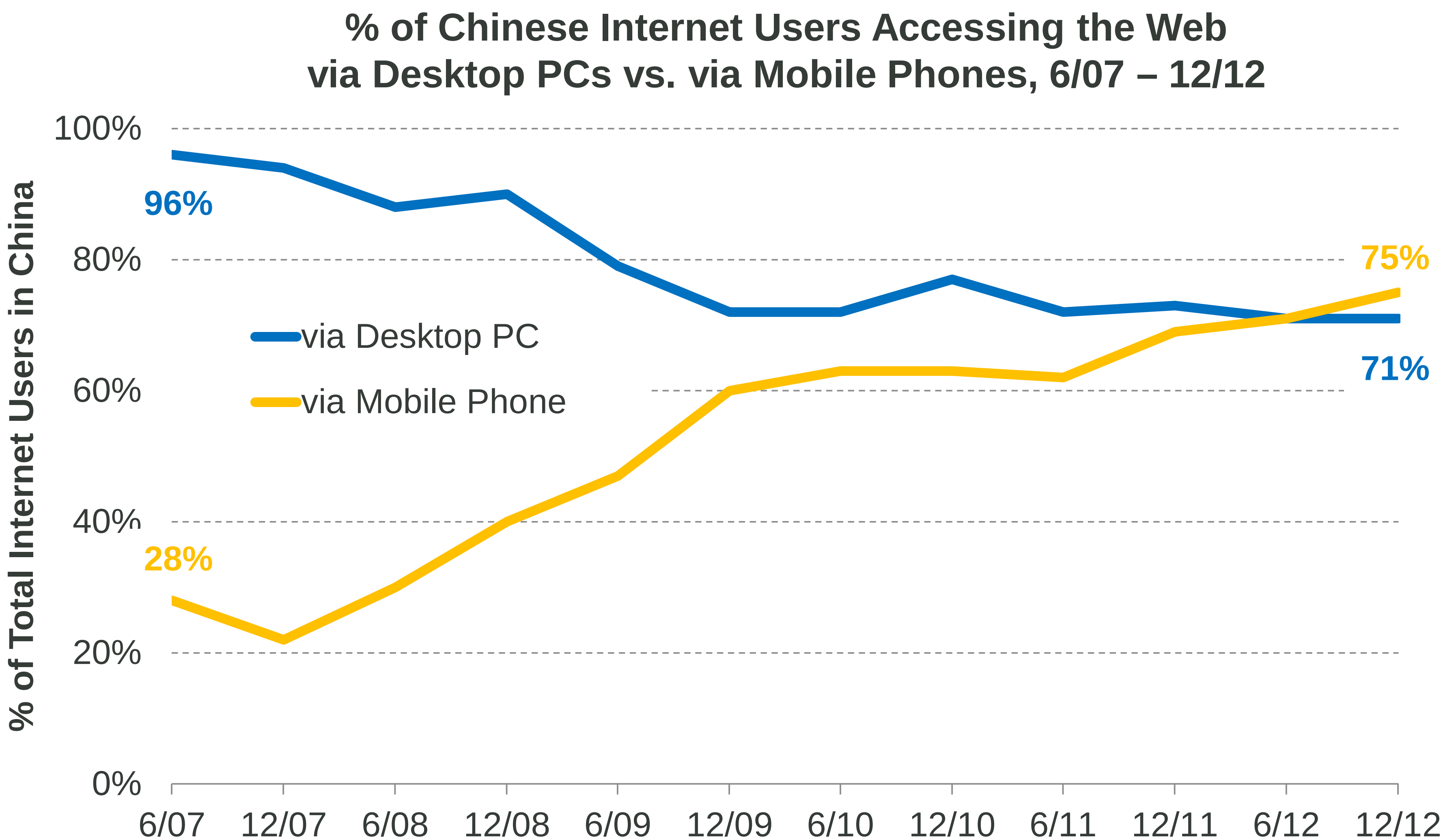
Source: StatCounter Global Stats, 5/13. Note that PC-based Internet data bolstered by streaming.

# **China –** Mobile Internet Access Surpassed PC, Q2:12

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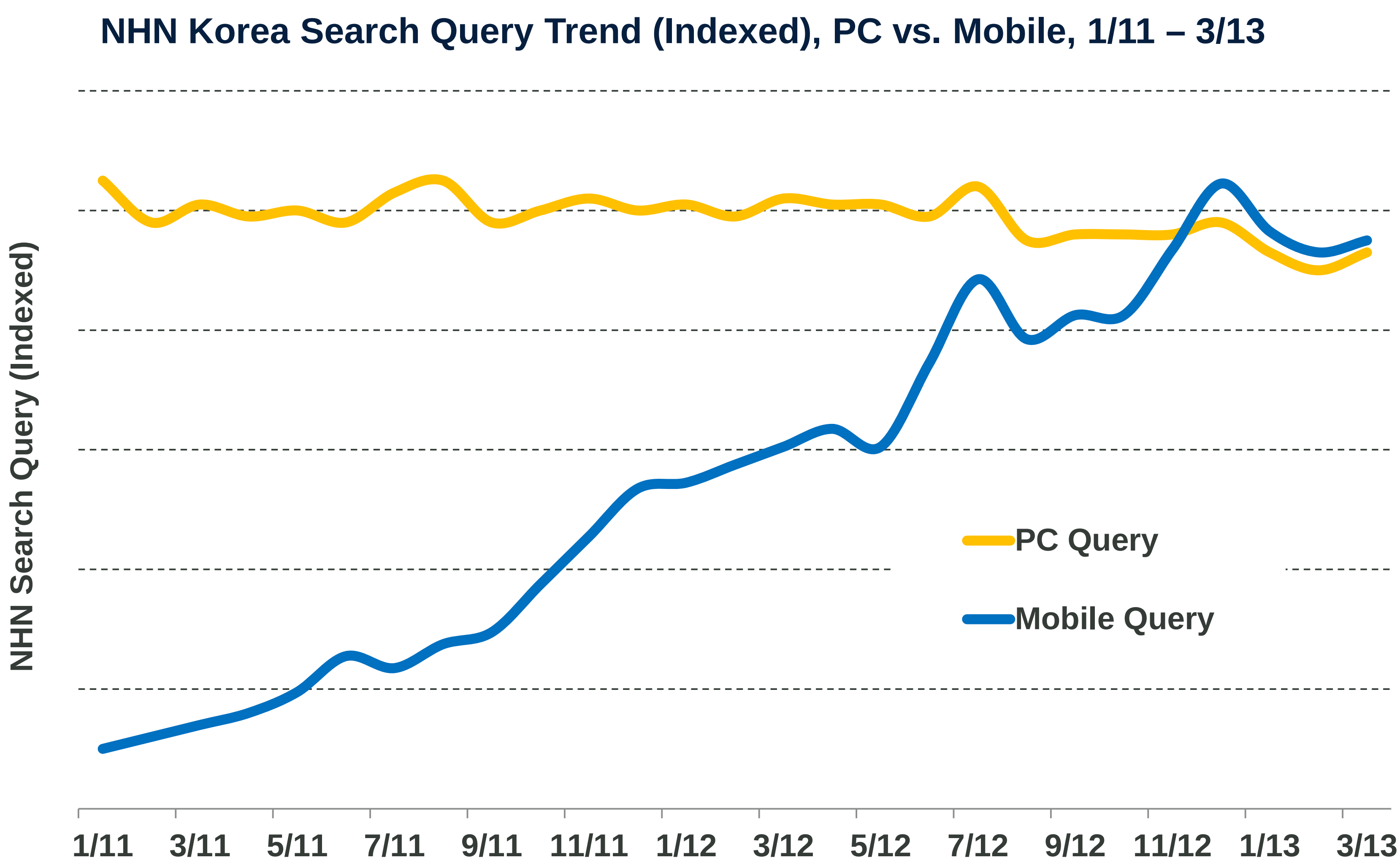
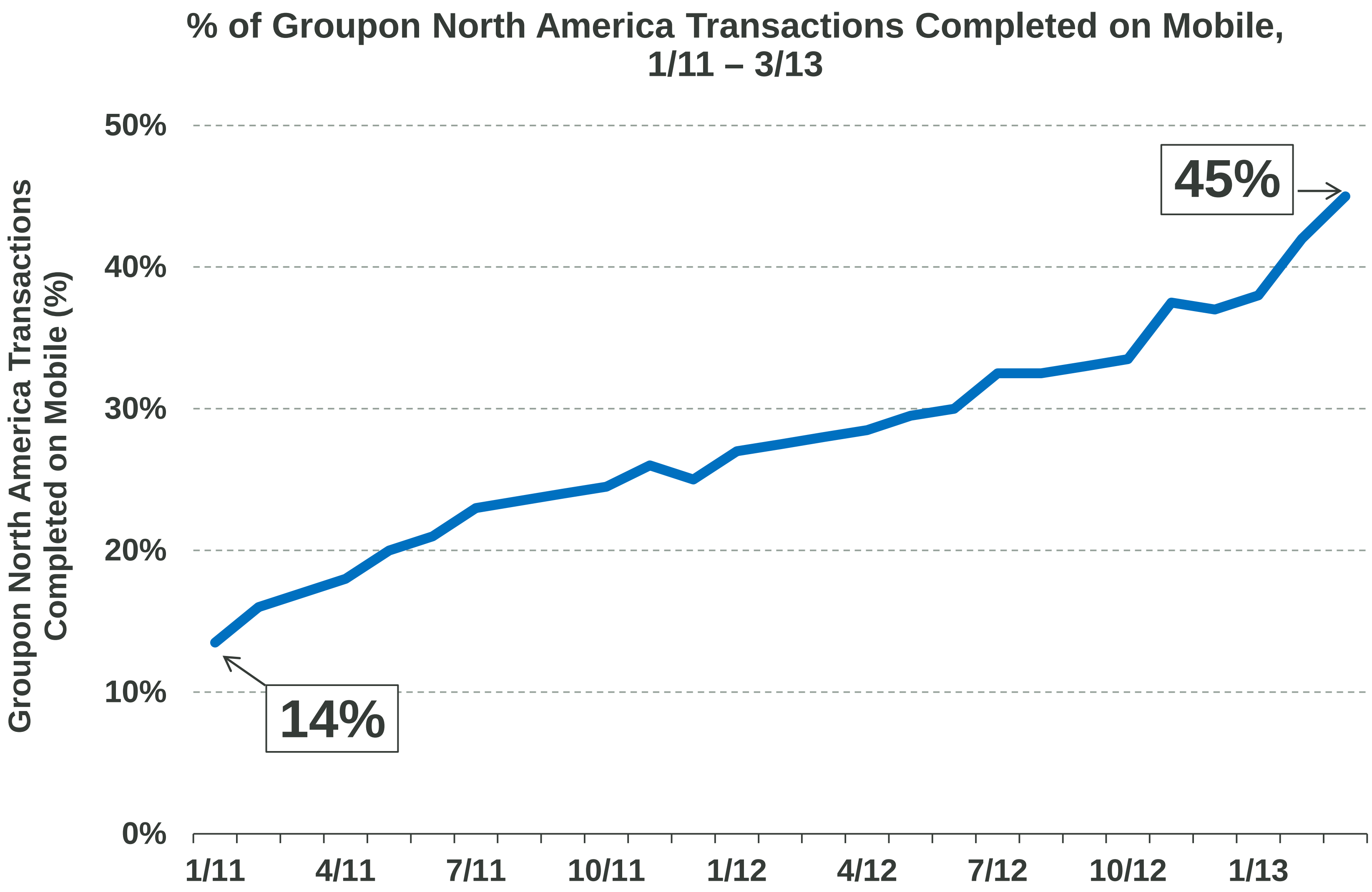
Source: CNNIC, 1/13.

# S. Korea –
Mobile Search Queries Surpassed PC, Q4:12




Source: NHN Corporate Presentation, as of 5/13.

# Groupon N. America –
45% of Transactions on Mobile, Up from <15% Two Years Ago

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Source: Groupon, as of 3/13.

# **Facebook** – Mobile Has Helped Drive Users & Revenue,

## Q1 Growth = Revenue +43% Y/Y, Mobile Users +54% (to 68%), ARPU + 15%

| | Q2:11 | Q3:11 | Q4:11 | Q1:12 | Q2:12 | Q3:12 | Q4:12 | Q1:13 |
|---|---|---|---|---|---|---|---|---|
| **Ad Revenue ($MM)** | **$776** | **$798** | **$943** | **$872** | **$992** | **$1,086** | **$1,329** | **$1,245** |
| *Y/Y Growth* | *83%* | *77%* | *44%* | *37%* | *28%* | *36%* | *41%* | *43%* |
| *% from Mobile* | -- | -- | -- | -- | -- | *14%* | *23%* | *30%* |
| **Mobile Active Users (MAUs) (MM)** | **325** | **376** | **432** | **488** | **543** | **604** | **680** | **751** |
| *Y/Y Growth* | *110%* | *92%* | *76%* | *69%* | *67%* | *61%* | *57%* | *54%* |
| *% of Total MAUs* | *44%* | *47%* | *51%* | *54%* | *57%* | *60%* | *64%* | *68%* |
| **Annualized Ad ARPU ($)** | **$4.37** | **$4.15** | **$4.59** | **$4.00** | **$4.28** | **$4.43** | **$5.15** | **$4.60** |
| *Y/Y Growth* | *18%* | *19%* | *1%* | *1%* | *(2%)* | *7%* | *12%* | *15%* |
| *Q/Q Growth* | *11%* | *(5%)* | *11%* | *(13%)* | *7%* | *4%* | *16%* | *(11%)* |

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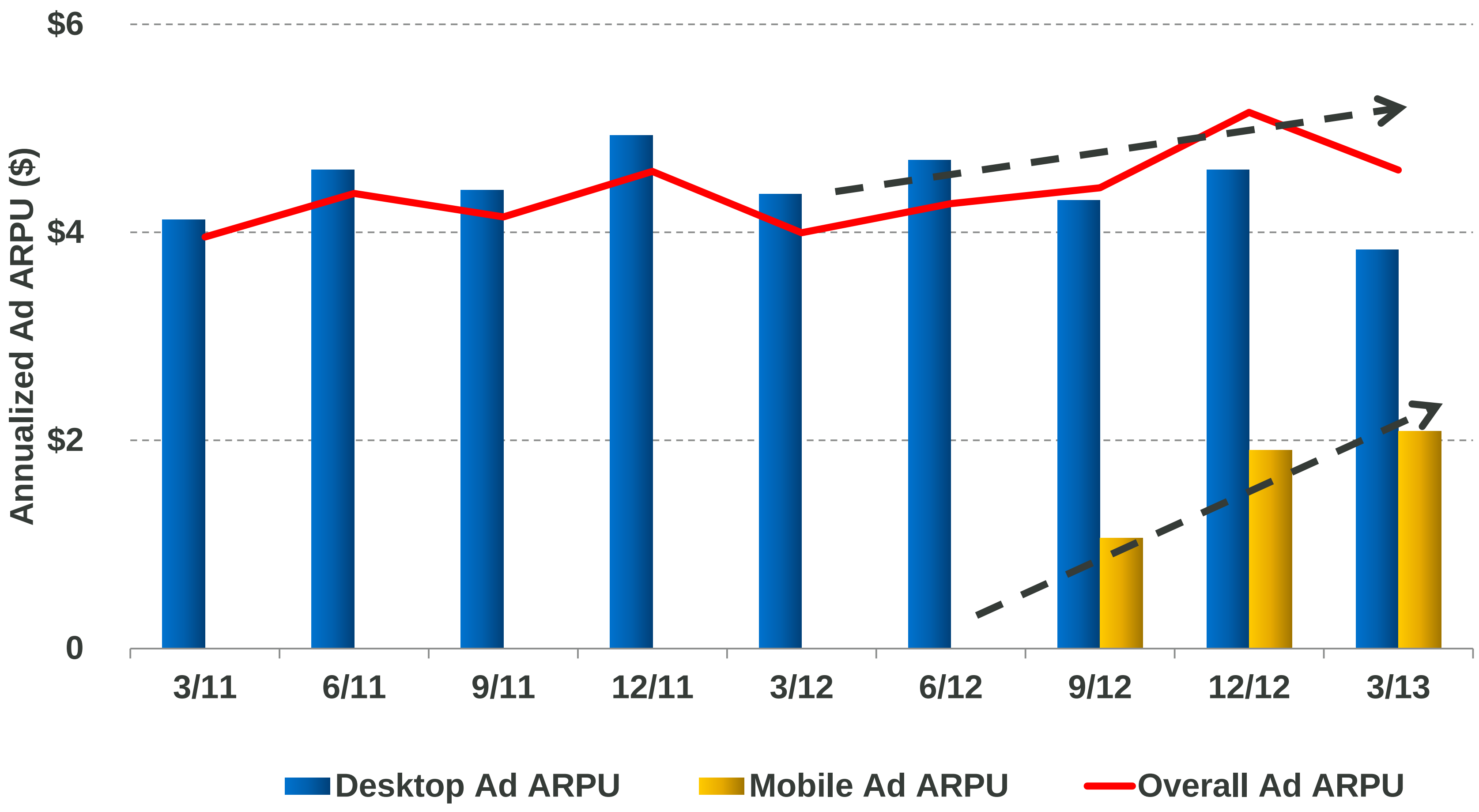
Source: Facebook.

# **Facebook =**
# Rising Mobile ARPU Has Offset Declining Desktop ARPU, So Far

**Facebook Annualized Ad ARPU, Desktop vs. Mobile, 3/11-3/13**

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Source: Facebook.

# COMPUTING –
# YET ANOTHER PLATFORM CHANGE…

***We Just Began to Figure Out Smartphones…***

# **Smartphone Subscriber Growth =** Remains Rapid
## 1.5B Subscribers, 31% Growth, 21% Penetration in 2013E

| Rank | Country | 2013E Smartphone Subs (MM) | Smartphone as % of Total Subs | Smartphone Sub Y/Y Growth |
|---|---|---|---|---|
| 1 | China | 354 | 29% | 31% |
| 2 | USA | 219 | 58 | 28 |
| 3 | Japan* | 94 | 76 | 15 |
| 4 | Brazil | 70 | 23 | 28 |
| 5 | India | 67 | 6 | 52 |
| 6 | UK | 43 | 53 | 22 |
| 7 | Korea | 38 | 67 | 18 |
| 8 | Indonesia | 36 | 11 | 34 |
| 9 | France | 33 | 46 | 27 |
| 10 | Germany | 32 | 29 | 29 |
| 11 | Russia | 30 | 12 | 38 |
| 12 | Mexico | 21 | 19 | 43 |
| 13 | Saudi Arabia | 21 | 38 | 36 |
| 14 | Italy | 21 | 23 | 25 |
| 15 | Australia | 20 | 60 | 27 |

| Rank | Country | 2013E Smartphone Subs (MM) | Smartphone as % of Total Subs | Smartphone Sub Y/Y Growth |
|---|---|---|---|---|
| 16 | Spain | 20 | 33% | 14% |
| 17 | Philippines | 19 | 18 | 34 |
| 18 | Canada | 19 | 63 | 21 |
| 19 | Thailand | 18 | 21 | 30 |
| 20 | Turkey | 17 | 24 | 30 |
| 21 | Argentina | 15 | 25 | 37 |
| 22 | Malaysia | 15 | 35 | 19 |
| 23 | South Africa | 14 | 20 | 26 |
| 24 | Netherlands | 12 | 58 | 27 |
| 25 | Taiwan | 12 | 37 | 60 |
| 26 | Poland | 11 | 20 | 25 |
| 27 | Iran | 10 | 10 | 40 |
| 28 | Egypt | 10 | 10 | 34 |
| 29 | Sweden | 9 | 60 | 16 |
| 30 | Hong Kong | 8 | 59 | 31 |

**2013E Global Smartphone Stats: Subscribers = 1,492MM Penetration = 21% Growth = 31%**

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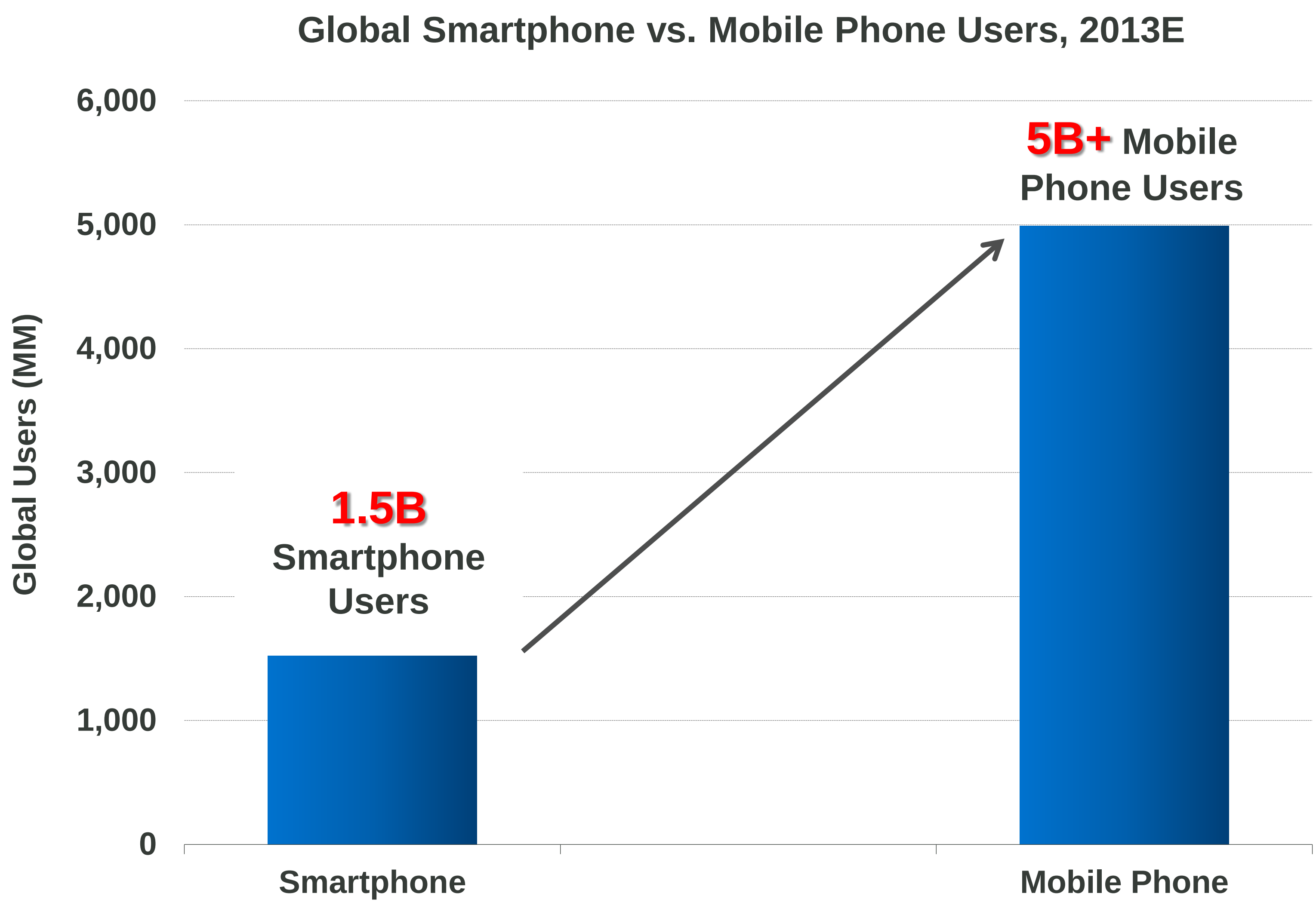
Note: *Japan data per Morgan Stanley Research estimate. Source: Informa.

# **Smartphone Usage =**
# Still Early Stage With Tremendous (3-4x) Upside




Source: Morgan Stanley Research estimates.
Note: One user may have multiple devices - actual number of actual smartphone + mobile phone devices in use (subscription numbers) may be higher than user numbers.

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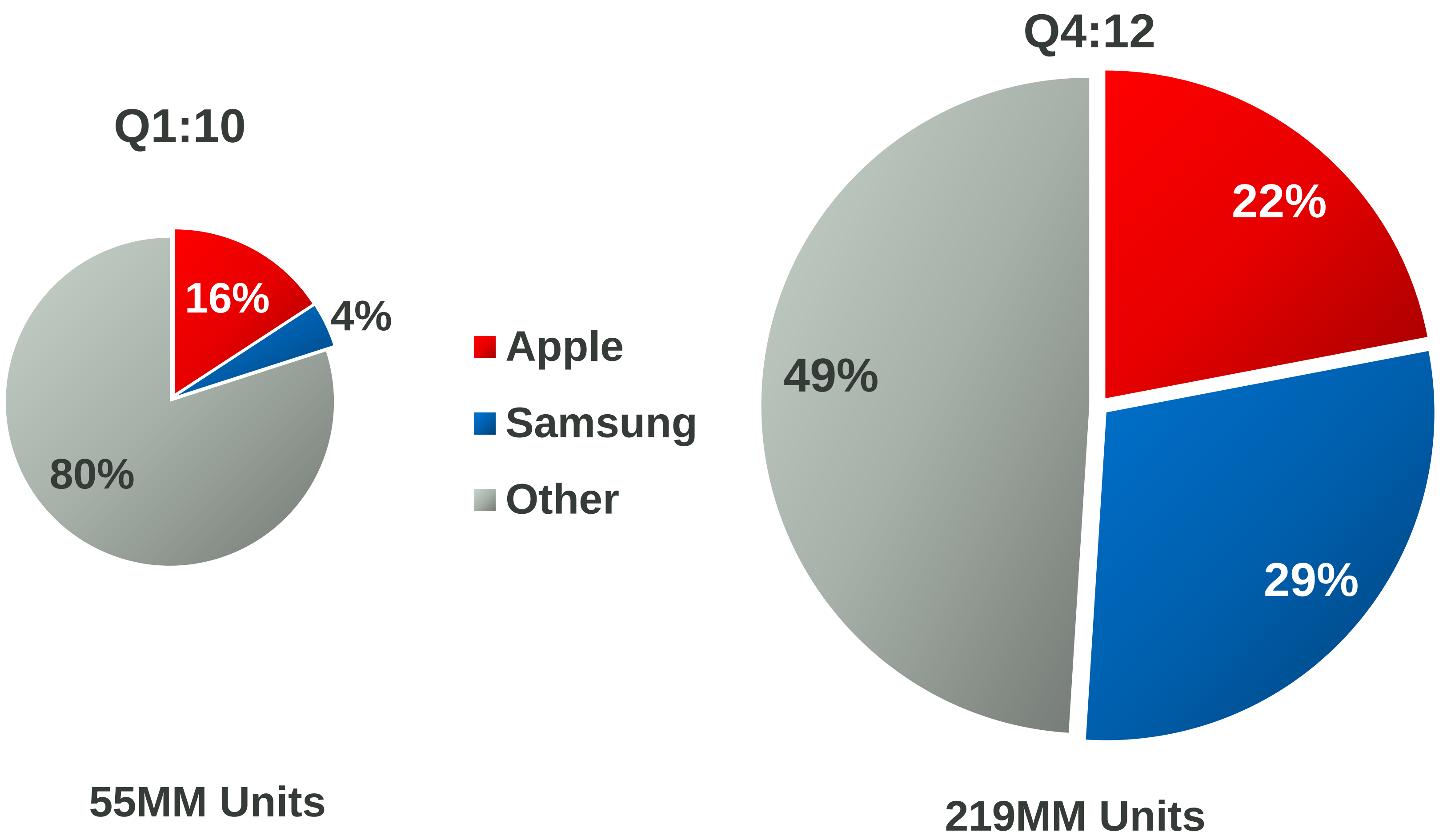
# **Apple** Growing Rapidly (1.4x Share Gain)… **Samsung** Up 7x Over ~2 Years

## Global Smartphone Unit Market Share

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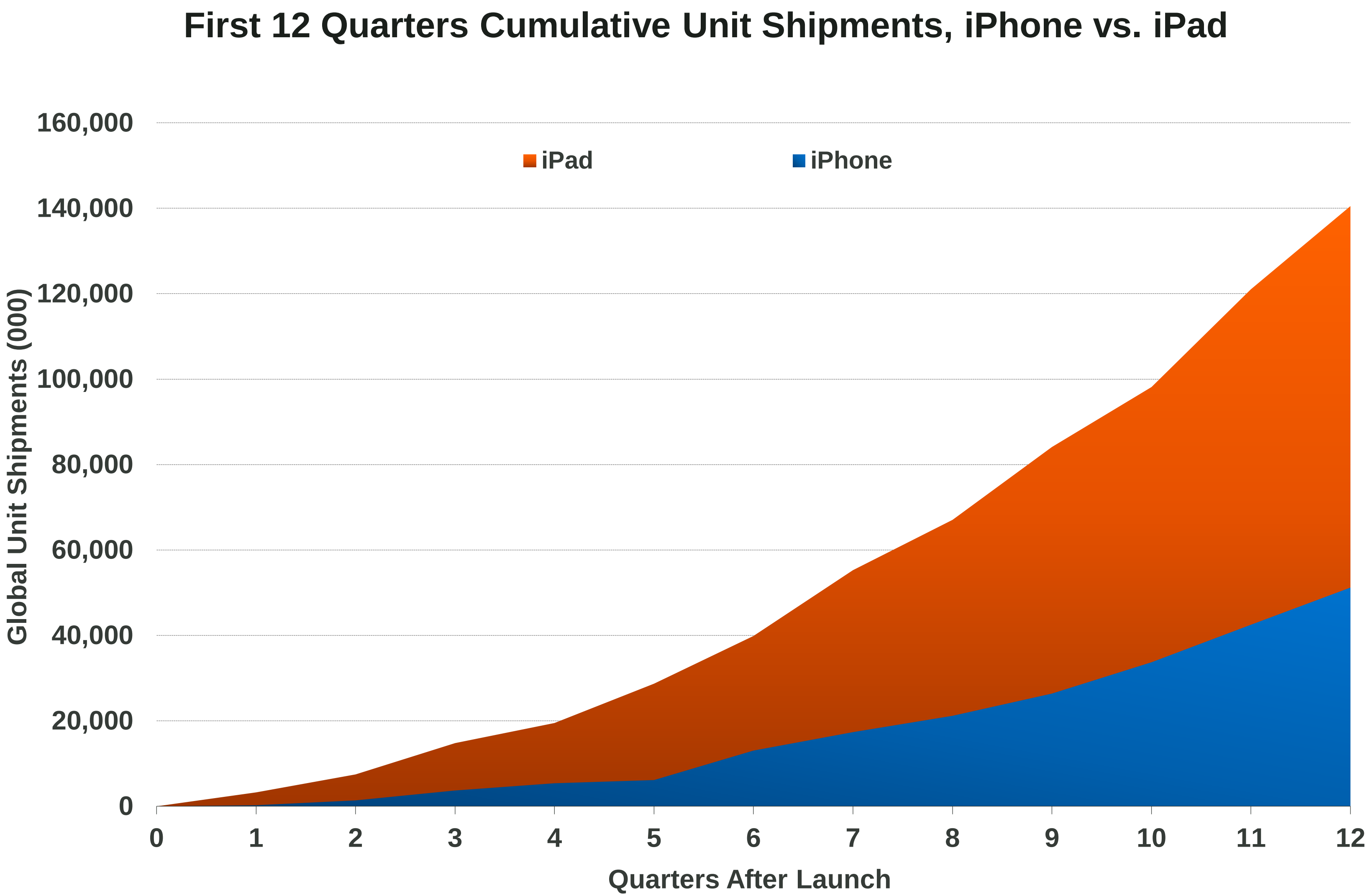
Source: IDC, Morgan Stanley Research. Data as of 4/13.

***…Then Along Came Tablets…***

# **Tablet Growth =**
# More Rapid than Smartphones, iPad = ~3x iPhone Growth




Source: Apple, as of CQ1:13 (12 quarters post iPad launch).
Launch Dates: iPhone (6/29/07), iPad (4/3/10).

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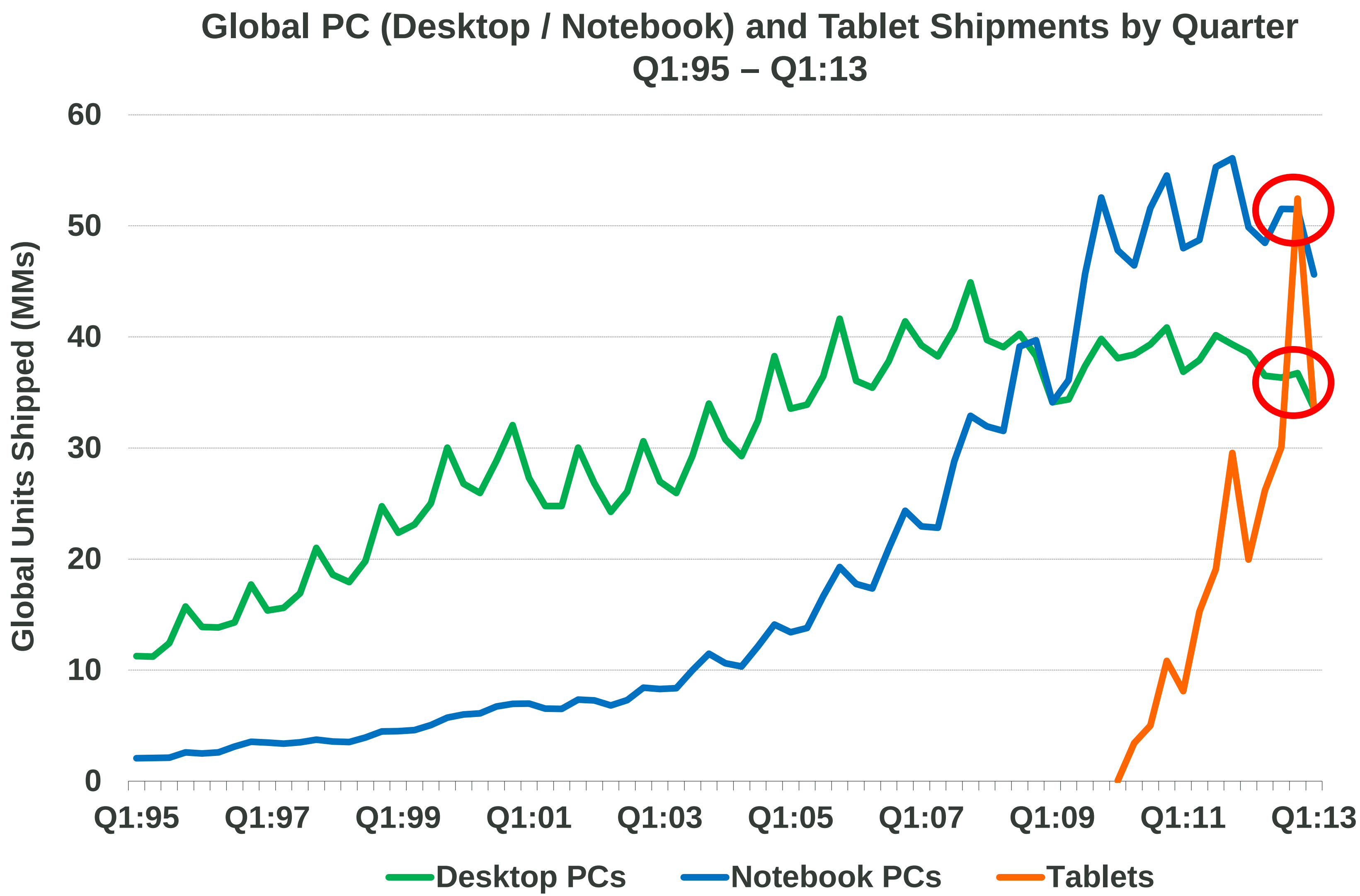
# **Tablet Shipments =**
# Surpassed Desktop PCs & Notebooks in Q4:12, < 3 Years from Intro

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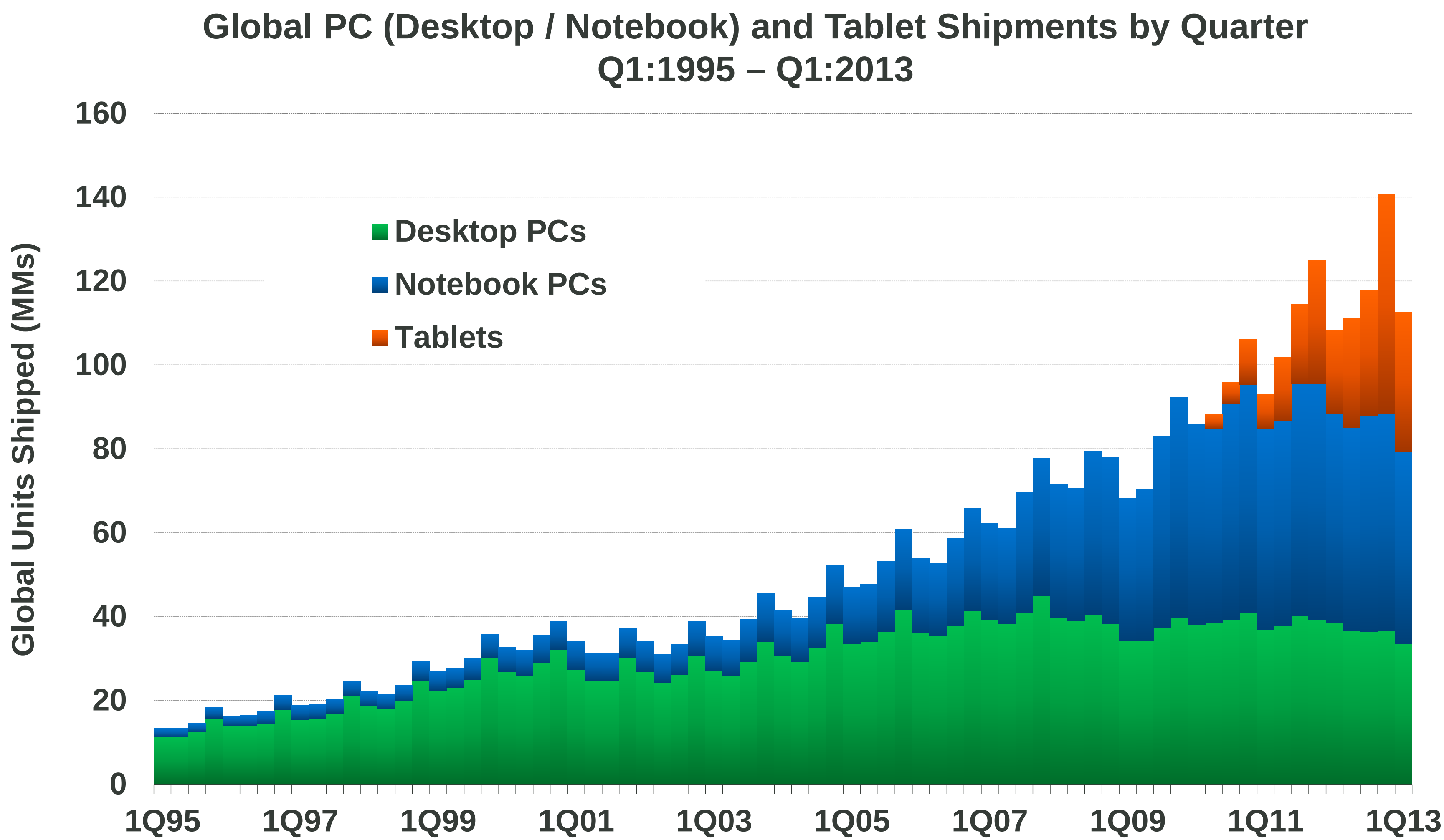
Note: Notebook PCs include Netbooks.
Source: Katy Huberty, Ehud Gelblum, Morgan Stanley Research. Gartner. Data as of 4/13.

# Demand for Large-Screen Computing Devices is Robust, But Mix Favors Tablets, Not Notebooks & Desktops

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Note: Notebook PCs include Netbooks.
Source: Katy Huberty, Ehud Gelblum, Morgan Stanley Research. Gartner. Data and Estimates as of 4/13.

# Top Vendors Largely Same in Desktop & Notebook Cycles – Very Different in Tablet (& Smartphone) Cycles

***Desktop PC***
Market Share
**2000**

| | % Share |
|---|---|
| Compaq | 13% |
| Dell | 11% |
| HP | 8% |
| IBM | 7% |
| NEC | 4% |
| Others | 57% |

***Notebook PC***
Market Share
**2010**

| | % Share |
|---|---|
| HP | 19% |
| Acer | 17% |
| Dell | 12% |
| Lenovo | 10% |
| ASUS | 8% |
| Others | 34% |

***Tablet***
Market Share
**2012**

| | % Share |
|---|---|
| Apple | 51% |
| Samsung | 13% |
| Amazon | 8% |
| ASUS | 5% |
| Lenovo | 1% |
| Others | 20% |

***Smartphone***
Market Share
**2012**

| | % Share |
|---|---|
| Samsung | 30% |
| Apple | 19% |
| Sony | 5% |
| ZTE | 5% |
| BlackBerry | 5% |
| Others | 37% |

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Note: Notebook PCs include Netbooks.
Source: Morgan Stanley Research. Gartner. Data as of 4/13.

# An Unusual Pattern…

***In Two Computing Cycles…***

***1) Smartphones***

***2) Tablets***

***…Entering a Third Cycle…***

***3) Wearables / Drivables / Flyables / Scannables***

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# **Technology Cycles** – Still Early Cycle on Smartphones + Tablets, Now Wearables Coming on Strong, Faster than Typical 10-Year Cycle

## Technology Cycles Have Tended to Last Ten Years

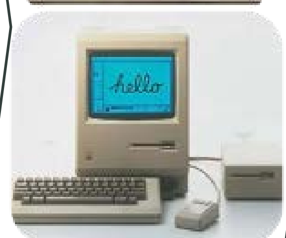
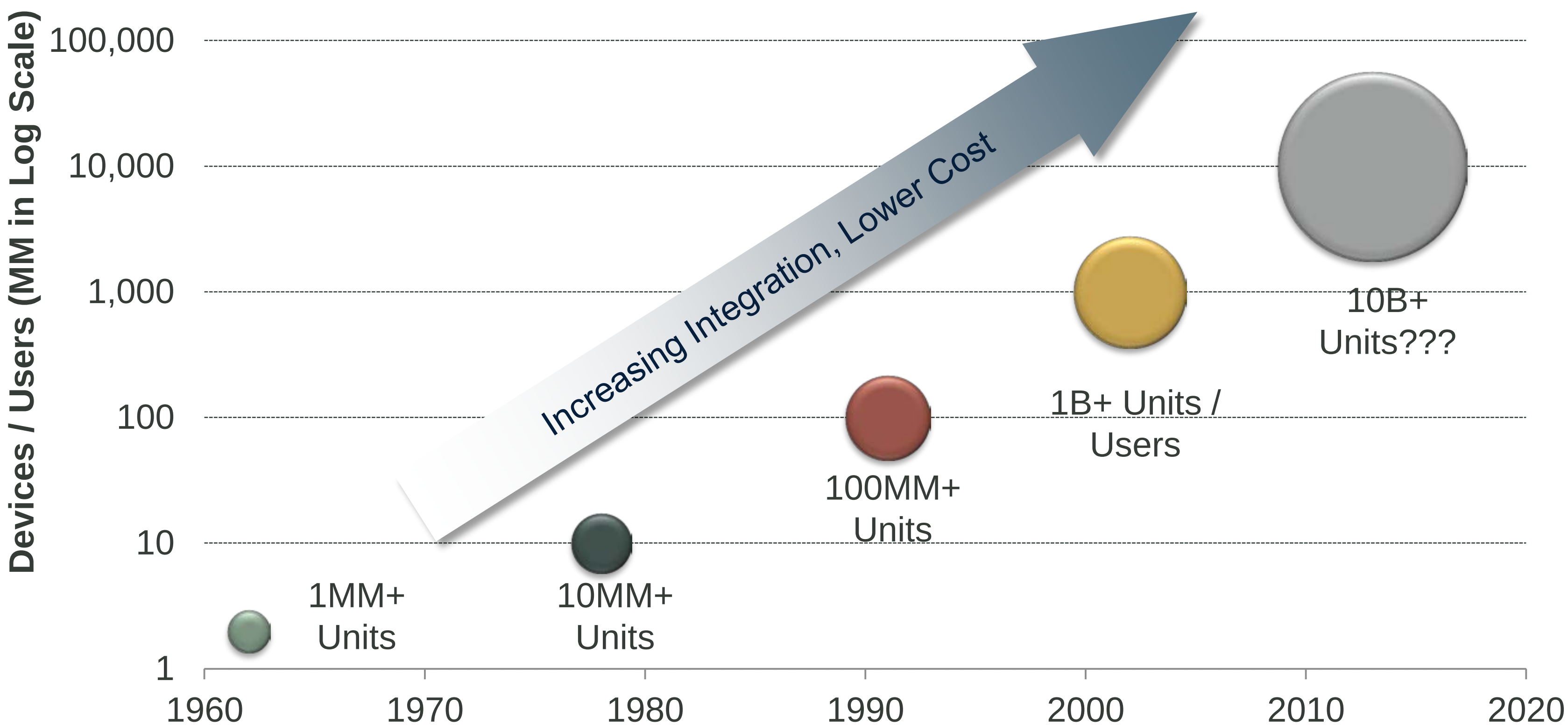
| *Mainframe* Computing 1960s | *Mini* Computing 1970s | *Personal* Computing 1980s | *Desktop Internet* Computing 1990s | *Mobile Internet* Computing 2000s | *Wearable / Everywhere* Computing 2014+ |
|---|---|---|---|---|---|
|  |  |   |   |   |    Others? |



Image Source: Computersciencelab.com, Wikipedia, IBM, Apple, Google, NTT docomo, Google, Jawbone, Pebble.

# **New Major Technology Cycles =** Often Support 10x More Users & Devices, Driven by Lower Price + Improved Functionality

## Computing Growth Drivers Over Time, 1960 – 2020E

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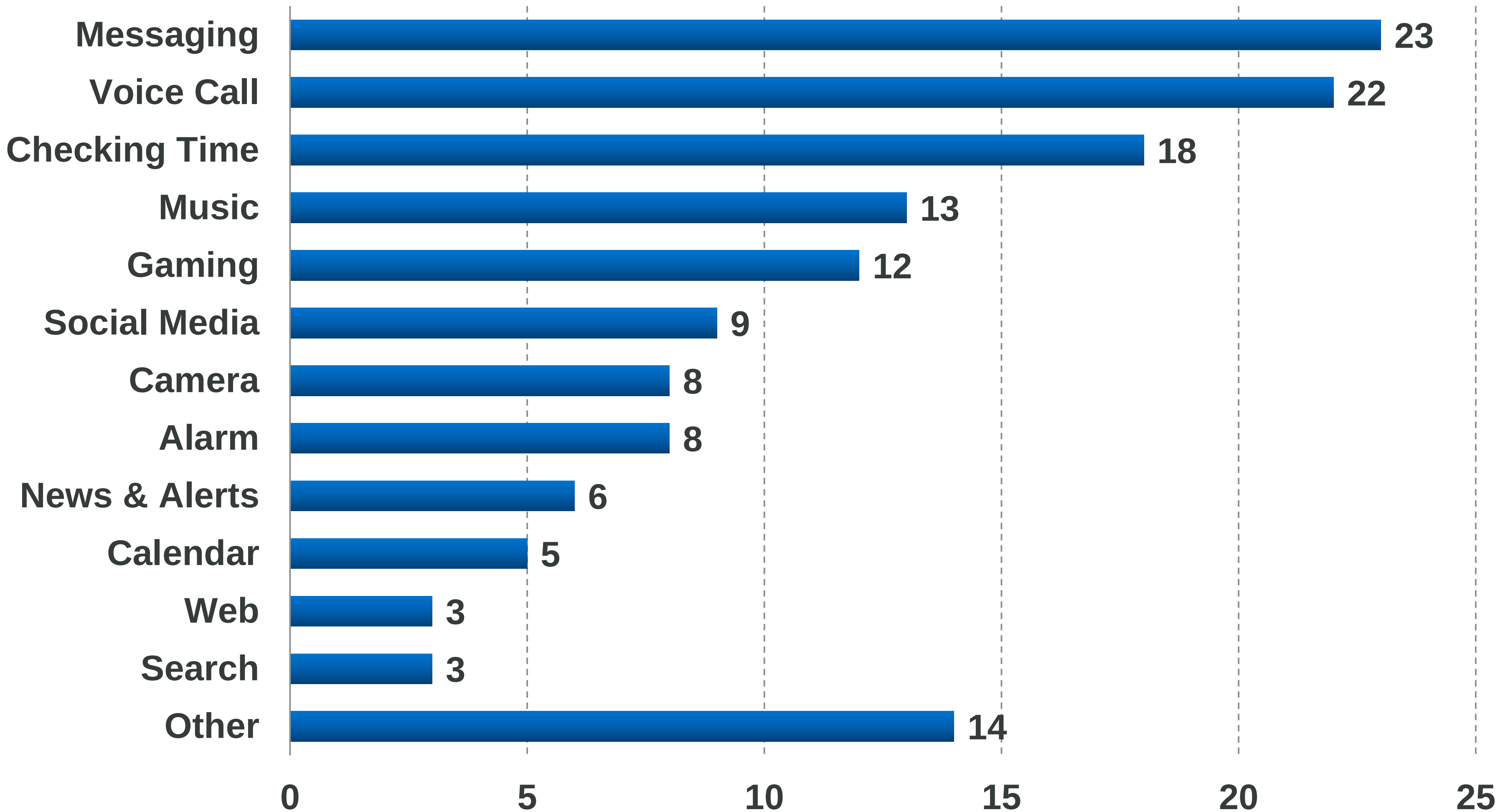
Note: PC installed base reached 100MM in 1993, cellphone / Internet users reached 1B in 2002 / 2005 respectively;
Source: ITU, Morgan Stanley Research.

***…Wearables***
***(with Sensors)…***

# Mobile Users Reach to Phone ~150x a Day…
# Could be Hands-Free with Wearables

## # of Times Typical User Checks Phone per Day




Source: TomiAhonen Almanac 2013, LINK. 'Other' includes voicemail, charging and miscellaneous activities. We cross-checked Tomi's analysis to gain context. Our references include: 1) Motorola Mobility / Google (consumers interact with their phones more than 100x per day, mid-2012); 2) Leading 3G Carrier with Operations in Europe & Asia (smartphone users interact with mobiles ~150x per day); 3) IDC (51 blended average of social sessions per smartphone user per day in USA, 3/13…excluded services like checking time, alarm and calendar events, web browsing, gaming, using camera, listening to music, searching, using maps, charging and other activities that require checking the phone) and 4) other third parties, including app providers.

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# Sensor-Enabled Wearable Attributes

**Hands-Free**

- Voice / gesture control

**Development Platform**

- 3rd party apps
- API partners
- Accessories

**Always-On**

- Low power consumption
- Instant wake
- Background working / sensing



**Attention-Getting**

- Less distracting when receiving alerts / reminders / messages

**Environment-Aware**

- GPS
- Accelerometer
- Compass
- Camera
- Microphone
- Other Sensors

**Connected**

- Wi-Fi
- 3G / 4G
- Bluetooth
- NFC

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Source: MIT, KPCB.

# Some People Laugh at Wearables…

**And 'SNL' Does Rule… ;)**

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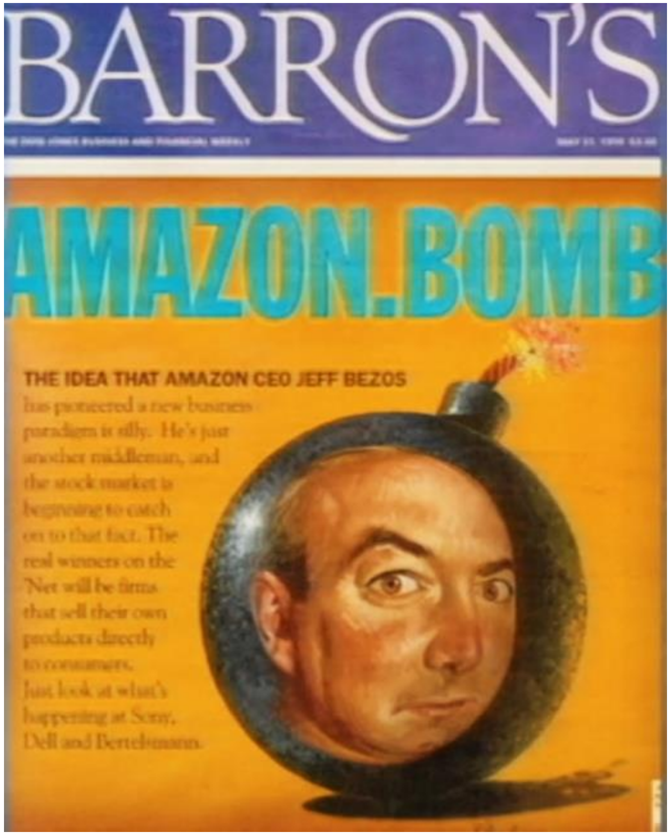
Source: Saturday Night Live, 5/13.

# …Some People Laughed at PC & Internet

***There is no reason anyone would want a computer in their home.***

- Ken Olsen
(Founder)
Digital Equipment
1977




**May 1999**

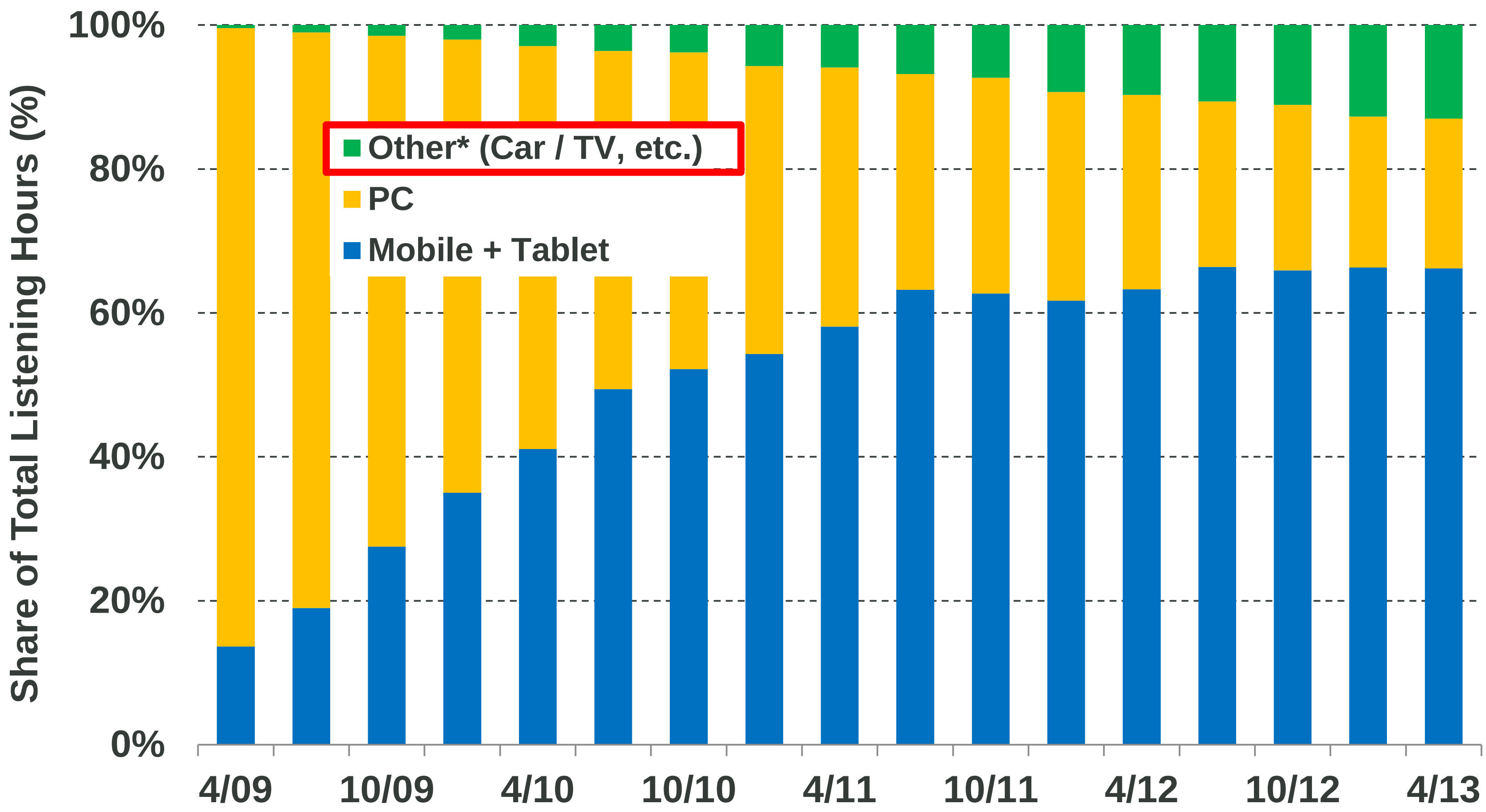
# *…Drivables…*

# A Car or a Computer on Four Wheels?


# **Pandora Usage** – Car / TV / Appliance Usage (~13% Now) to Likely Surpass PC (21%) Usage in 2 Years

**Share of Pandora Quarterly Listening Hours,**

**PC vs. Mobile + Tablet vs. Other*, 4/09 – 4/13****

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Source: Pandora. Note that *listening share data for other non-mobile / non-PC devices (car / TV, etc) are KPCB estimates. **Pandora fiscal year ends Jan 31, so FQ4:13 ended Jan 31, 2013.

***…Flyables…***

# It’s a Bird, It’s a Plane, It’s a Mini-Drone…

## *Use Cases of Low-Cost Drones*

### Agriculture

**GPS-Enabled Photos Help Pinpoint Potential Crop Damage Early On**

### Sports / Entertainment

**Unique Angle of View Provides Insights for Training + Broadcast Audience**

### Public Safety / Disaster Relief*

**Providing Aerial Video Coverage / First-Aid / Other Supplies in Challenging Conditions**

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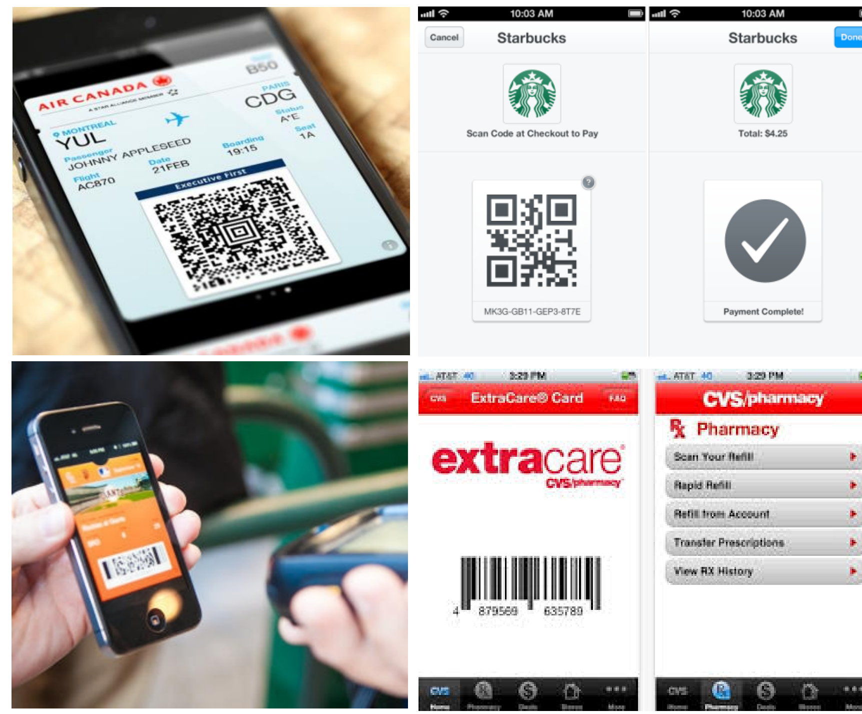
Source: Left image – Shutterstock; Middle image – Dronereport.net; *Right image – Drone carrying cameras + other sensors being deployed during search & rescue mission of 7.0-magnitude earthquake in Lushan, China (4/13).

## *Scannables – Codes / Tags + Cameras / Sensors*

# QR Codes =
# Scan & Be Scanned to Get Stuff…

## SCAN
**Quick Scan w/ Smartphone**
**For Info on Nutrition / Product / Price…**


## BE SCANNED
**Smartphone-Generated Codes**
**For Boarding Pass / Ticket / Payment / Rewards…**

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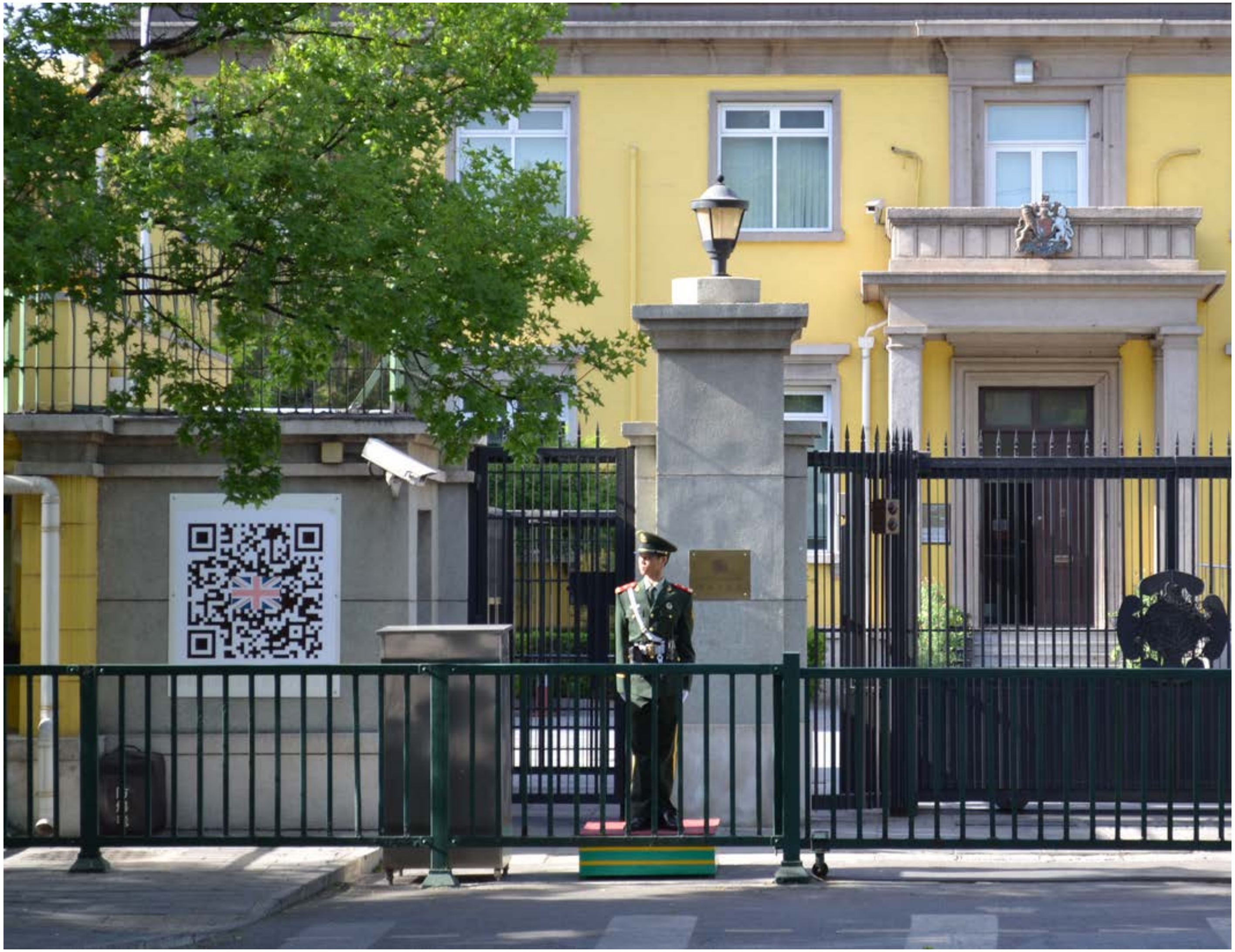
# **China -** Follow UK Embassy Weibo Account by Scanning QR Code Outside Embassy in Beijing



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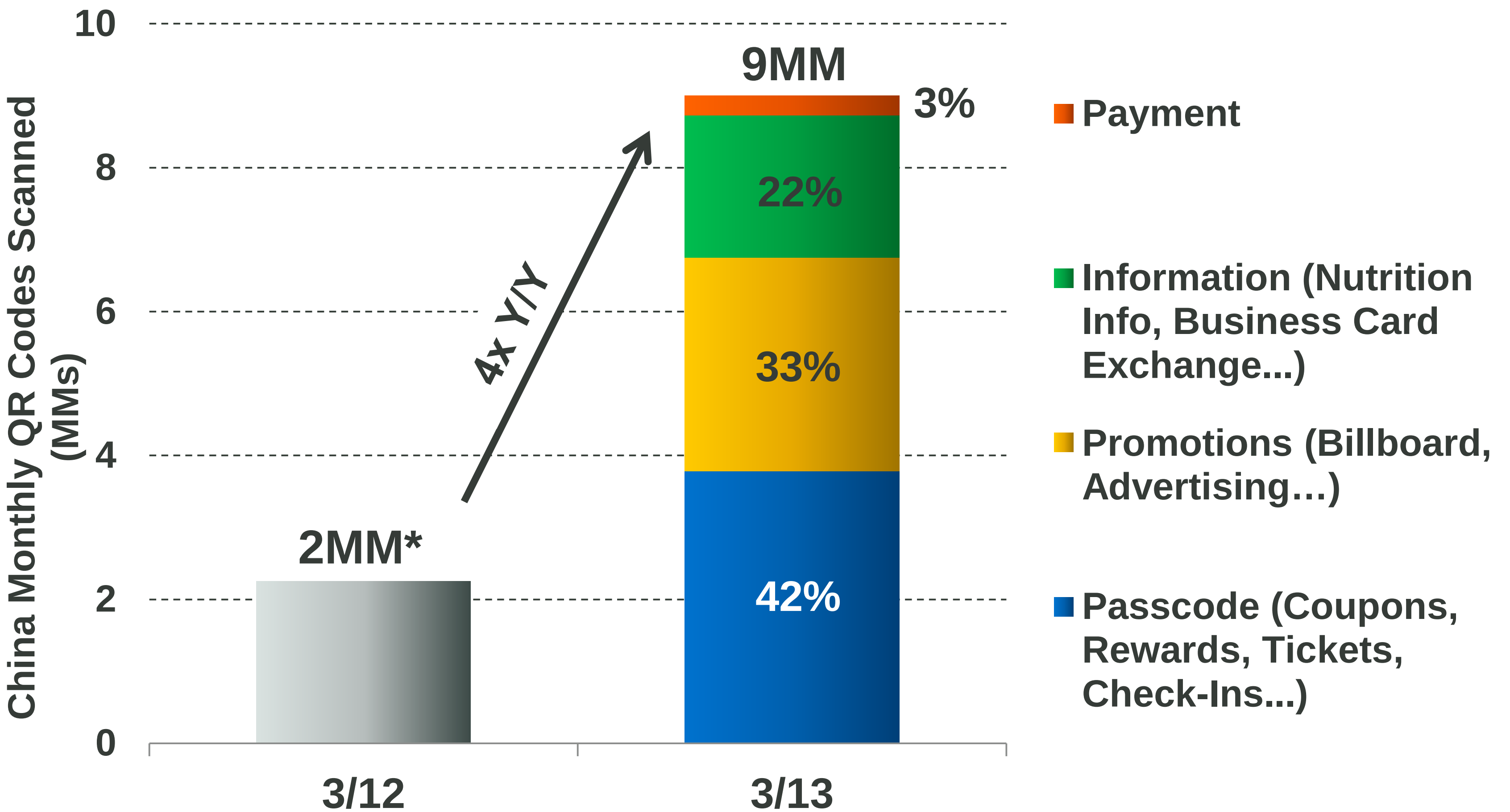
# QR Code Scanning = Up 4x Y/Y in China, Offline Businesses Driving Online Connections

## China Monthly QR Codes Scanned by Use Case, 3/12 vs. 3/13

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Note: * March 2012 use case breakdown not available. Source: Imageco, China QR Code Market Study, 2013. We believe data are understated.

# **Tencent WeChat** (400MM+ Users, +4X Y/Y, China) –
## Mobile Communication + Local Commerce via QR Codes

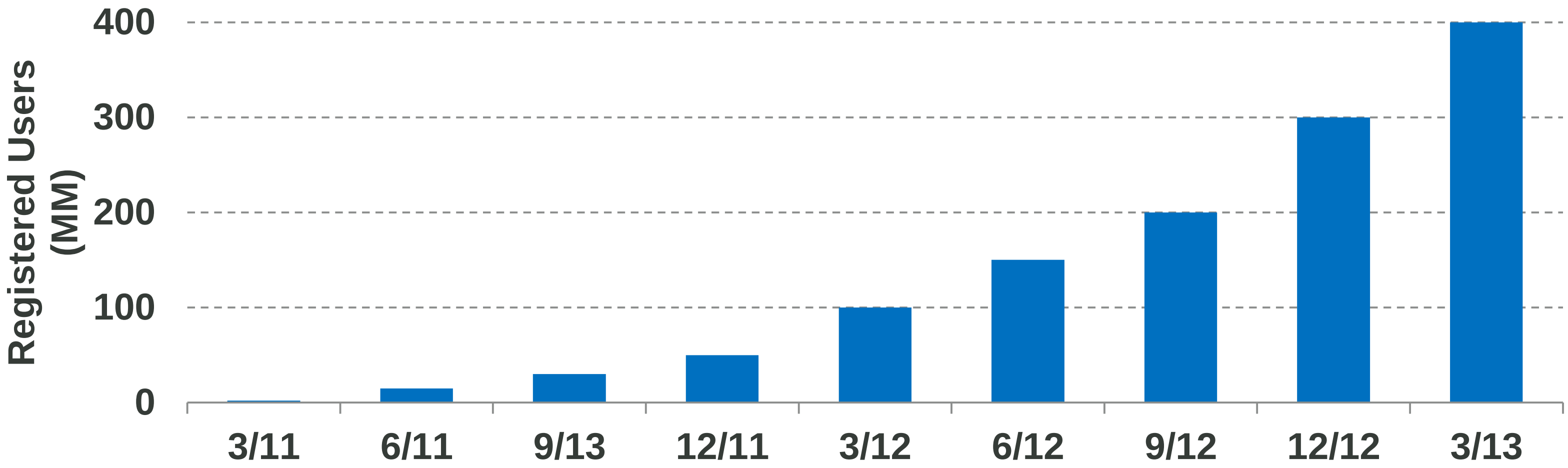
**Consumers…**

In addition to connecting w/ friends via voice / text / pictures, WeChat users can scan QR codes of merchants to stay connected and enroll in rewards programs + receive coupons.


**Businesses…**

Use QR code + communication functions to manage customer acquisition and relationships. SMBs can send  offers / take online orders, provide customer support via WeChat.

**Tencent WeChat Registered Users, 3/11-3/13**

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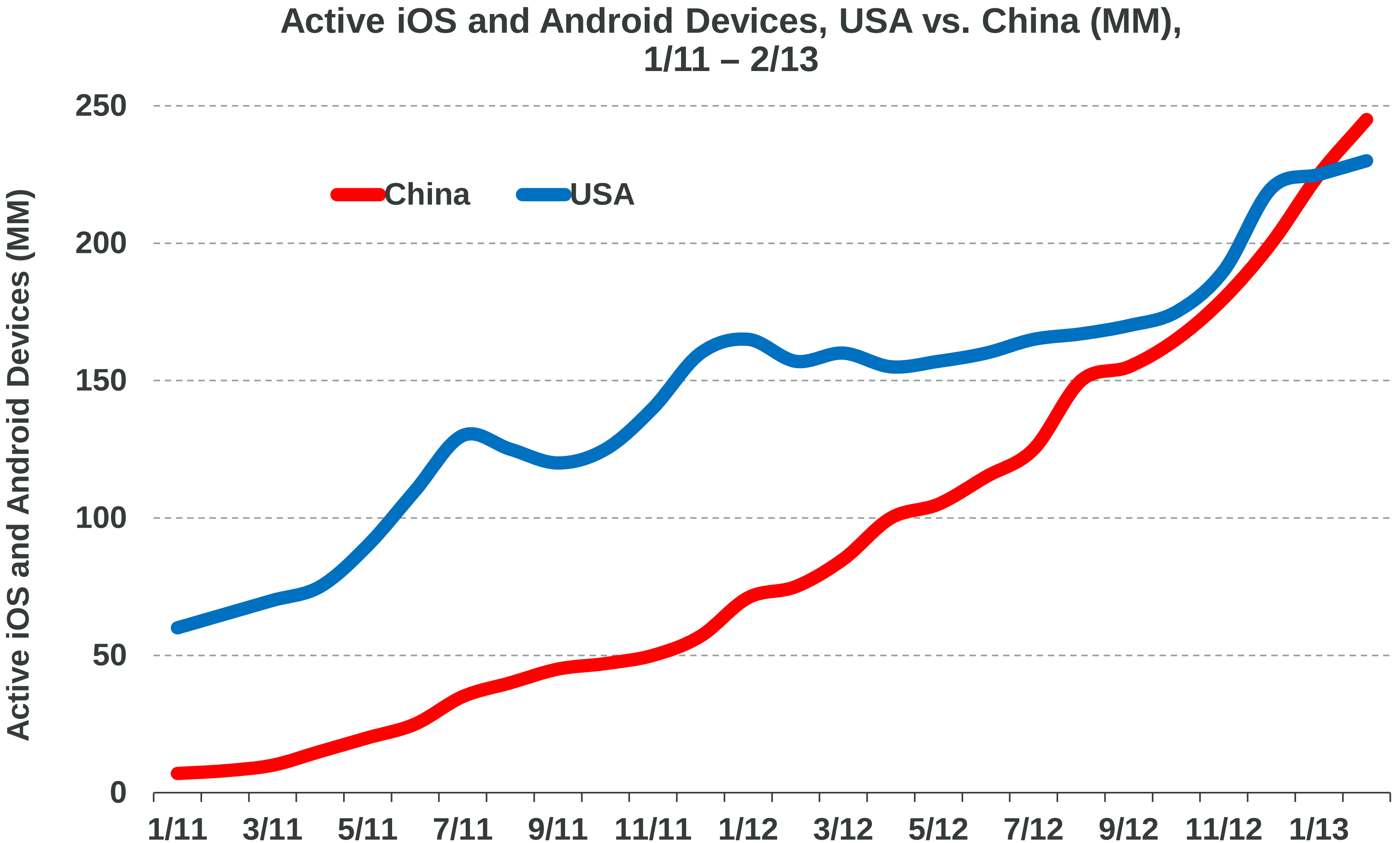
Source: User growth per Tencent and Morgan Stanley estimates.

# LOTS TO LEARN FROM CHINA – VOLUME + INNOVATION

# China –
iOS + Android Users Surpassed USA, Q1:13

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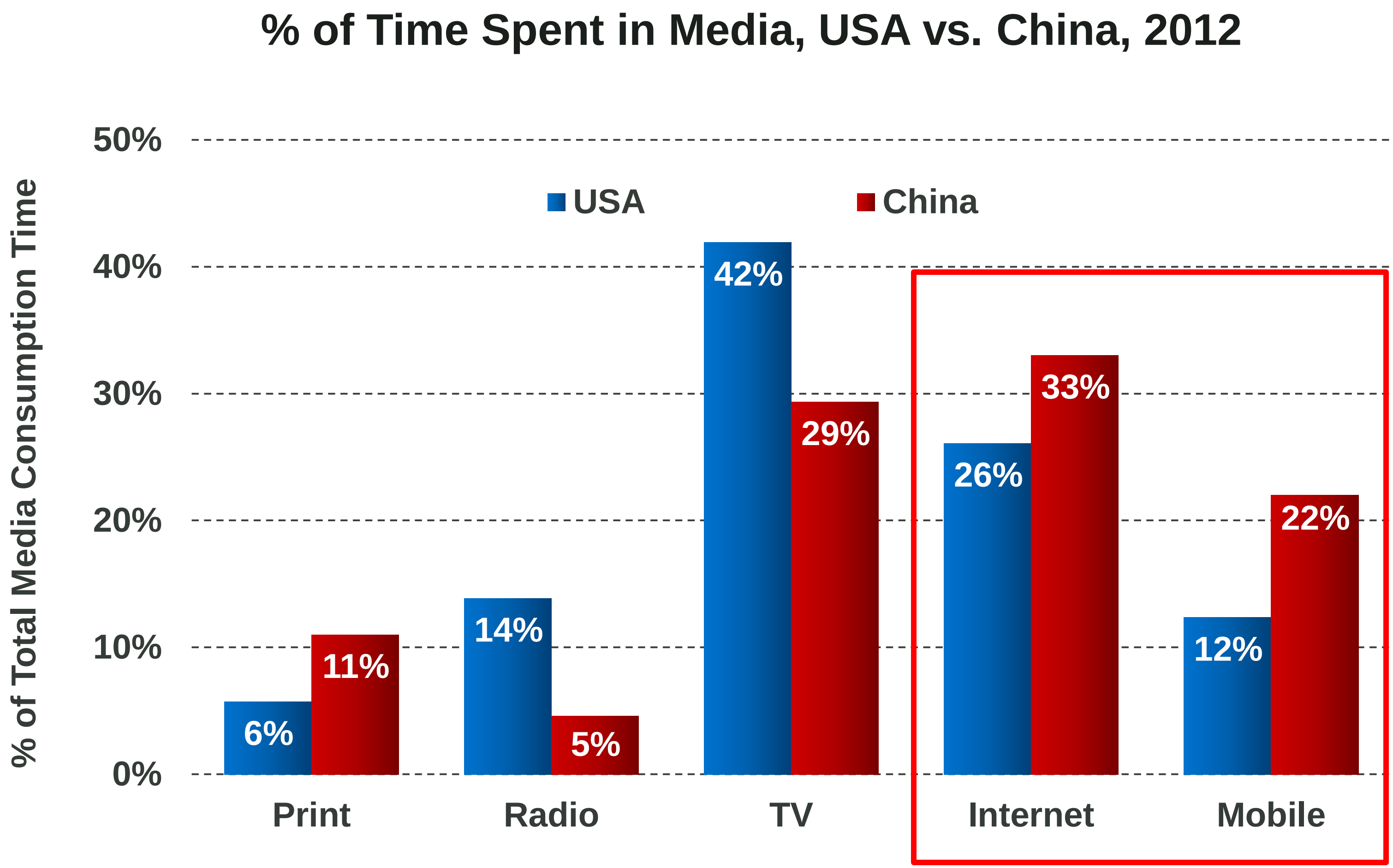
Source: Flurry Analytics.

# China Leads USA in Mobile + Internet Time Spent vs. TV = China @ 55% vs. 38% in USA




Source: USA media time spent share data based on eMarketer (adjusted to exclude classified and outdoors) as of 12/12, China media time spent data per Miaozhen Systems' (a leading 3rd party ad tech platform) survey of 35,750 samples as of 12/12.

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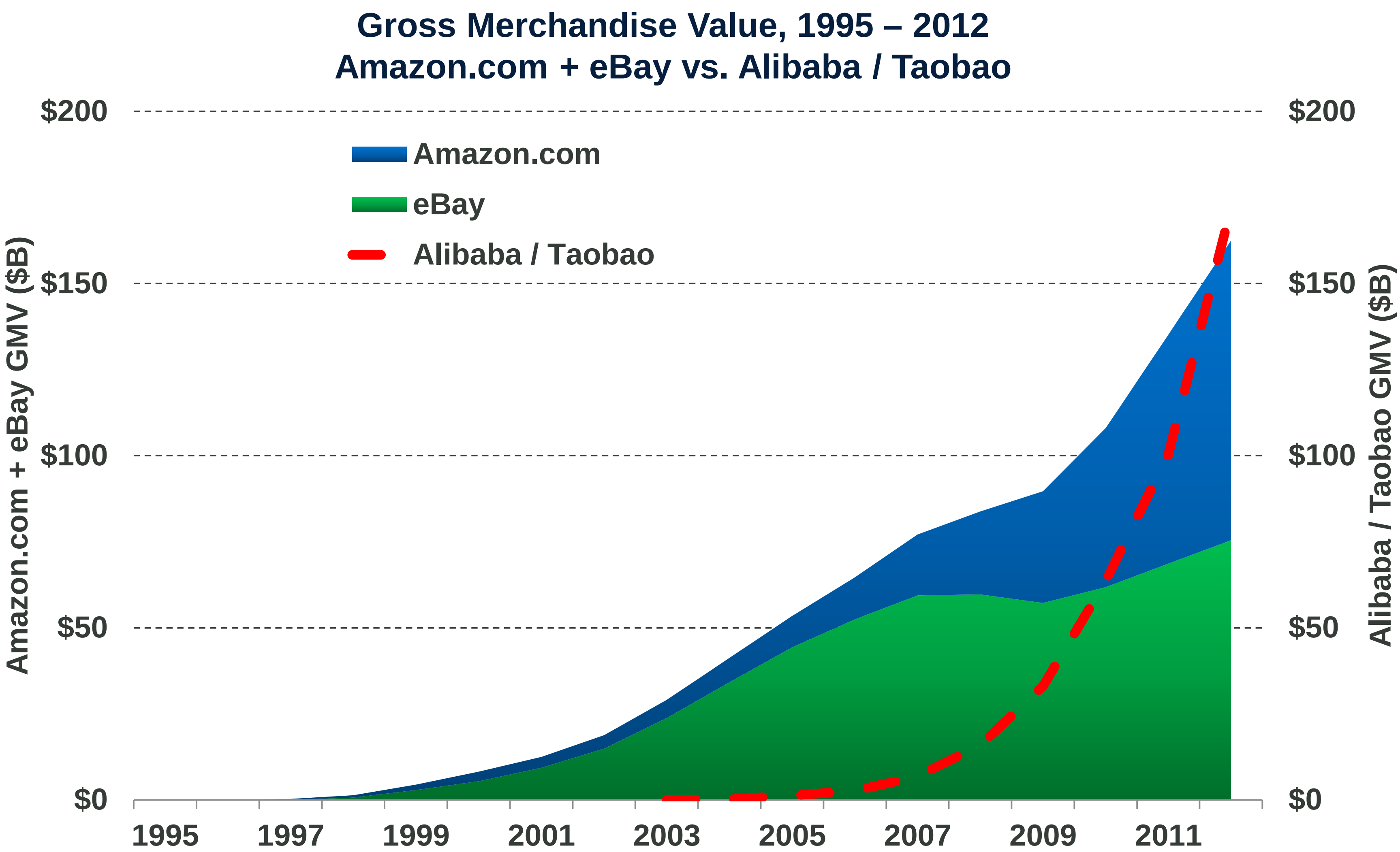
# **Alibaba –** Gross Merchandise Volume Surpassed Amazon.com + eBay, Q4:12

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Source: Company data.

# **JD.com (360buy)** – Same Day Delivery with Real-Time Item Tracking on Map / Mobile…Often on Bicycle

**Free* Same-Day Delivery in 25+ Cities in China / Customer Can Track Package Location on Map / Mobile Devices and Contact Delivery Person in Real Time**



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Note: *For orders > $8.

# **Taxi Apps*** – China – Push to Talk to Driver / Bid Extra to Increase Chance of Getting Car on Your Terms

**Push to Talk**
Say current location and where you're going. Your voice message will be delivered instantly to all nearby available taxis

**Bid to Win**
Increase your chance of hailing a cab during peak hours by offering extras tips up front (in addition to regular fare)

**Real Time Tracking**
View your taxi's location in real-time, push to talk to the driver directly to coordinate pick-up




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*Source: Left image - Yao Yao Zhao Che; Center image – Di Di Da Che; Right image – Kuai Di Da Che.

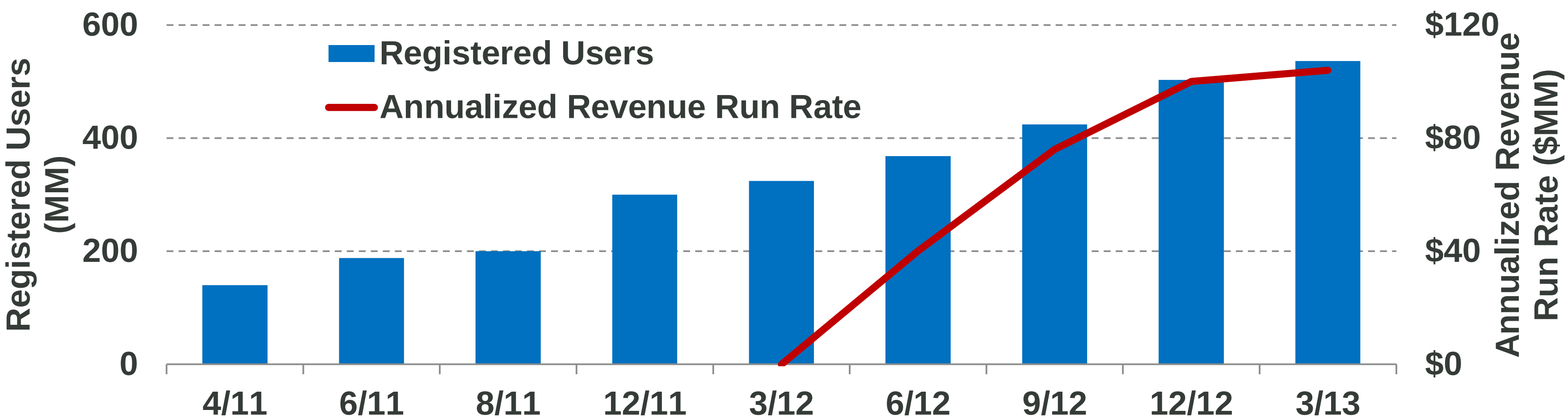
# **Sina Weibo** – 530MM+ Users (+2x Y/Y) Help Push For Social Change…$100MM Revenue Run Rate, Up From $0 Y/Y

## Notable Events / Movements Helped by Sina Weibo


**Beijing Air Quality Campaign –** Sina Weibo users' UGC photos / polls / reposts / suggestions helped drive government adoption of daily monitoring of air quality


**Real-Time Self-Organized Emergency Relief –** Through Weibo, volunteers coordinated to pick up stranded travelers at Beijing airport during torrential downpour in 7/12

**Sina Weibo Registered Users & Annualized Revenue Run Rate, 4/11-3/13**

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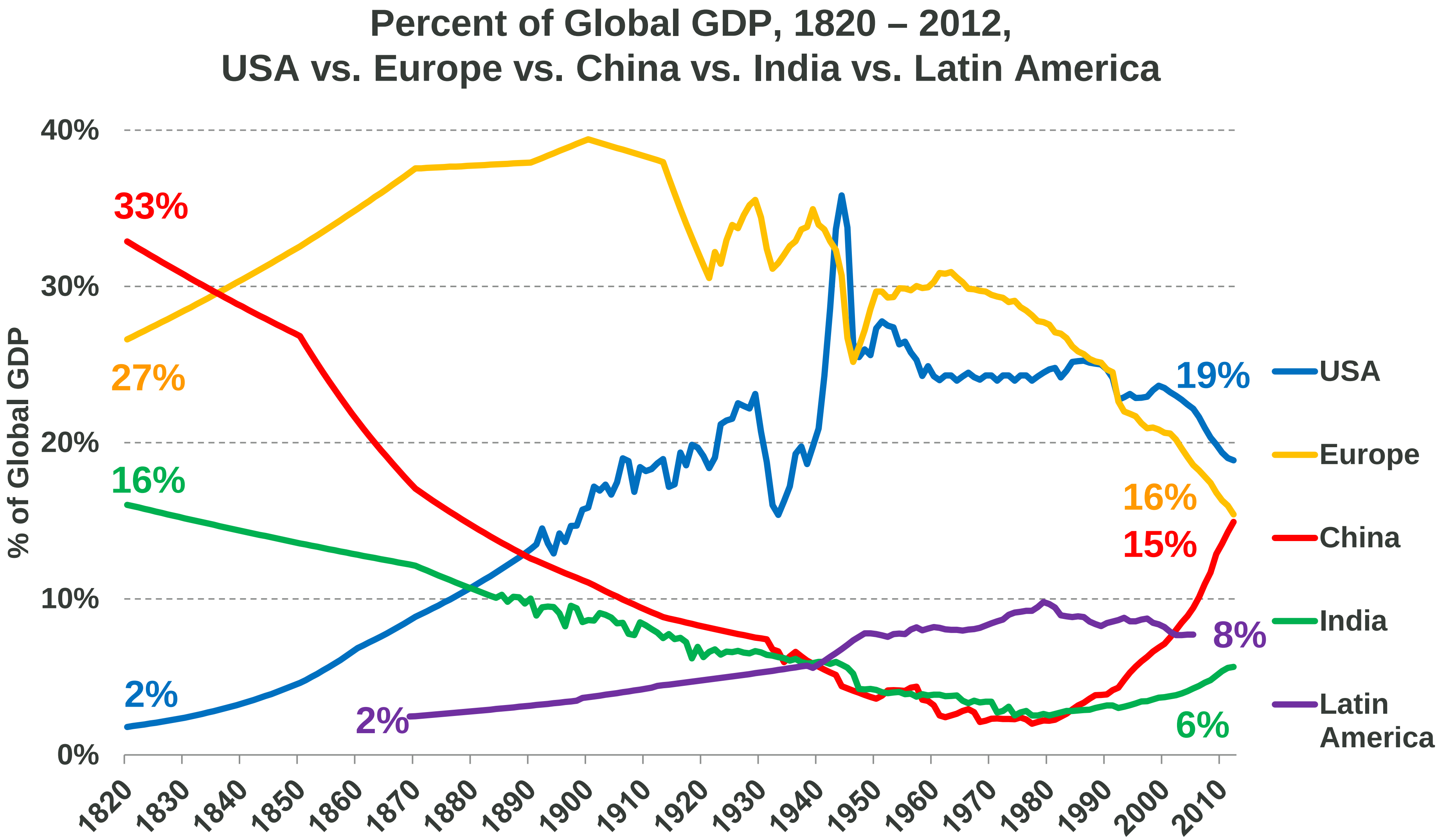
User / revenue source: Sina, Morgan Stanley Research.

# GDP =
# China Share Gains vs. Europe & USA are Epic




Source: Angus Maddison, University of Groningen, OECD, data post 1980 based on IMF data (GDP adjusted for purchasing power parity).

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# MOST ENABLED ENTREPRENEURS EVER?

# ZERO -> 1 MILLION USERS IN RECORD TIME(S)

# Is This Generation Different?

<u>**Selective Formative Events of Past 20 Years**</u>

**September, 2001 USA Terrorist Attacks** – Destabilized sense of security

**Rise of China as Global Super Power** – Altered global competition

**Global Financial Crisis, 2008+** – Destabilized financial security

**High Unemployment Levels** – Destabilized career optimism

**Potential Fiscal Debt Challenges** – Rise in need to depend on selves

**Rise of Cheap / Available Computing** – 24x7 global access to loads of stuff including shared goods

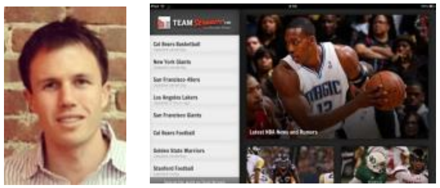
**Rise of New 'Geek' Entrepreneur Heroes** – Jobs + Sergey / Larry + Zuck…

**Rise in Social Connectivity** – Ability to find / create / share / provide + get feedback

**Rise in Value of Social / Virtual vs. Financial + Physical Currency**

# Turning Passion Into Businesses…On an Epic Internet Palette

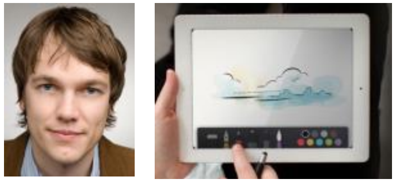
***Sports***
**David Finocchio /**
**BleacherReport**



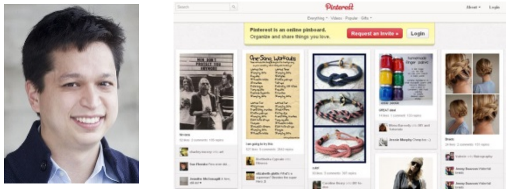
***Books***
**Otis Chandler /**
**Goodreads**


***Music***
**Daniel Ek /**
**Spotify**

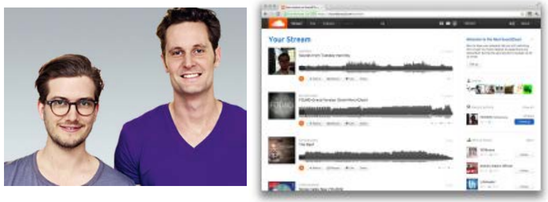
***Art / Creativity***
**Georg Petschnigg /**
**Fiftythree**



***Design / Inspiration***
**Ben Silbermann**
**Pinterest**

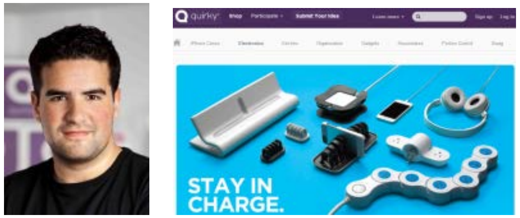


***Sound***
**Alex Ljung + Eric Wahlforss /**
**SoundCloud**

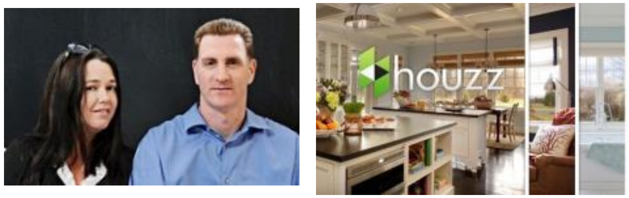


***News & Politics***
**Chris Altchek + Jake Horowitz /**
**PolicyMic**


***Product Design***
**Ben Kaufman**
**Quirky**



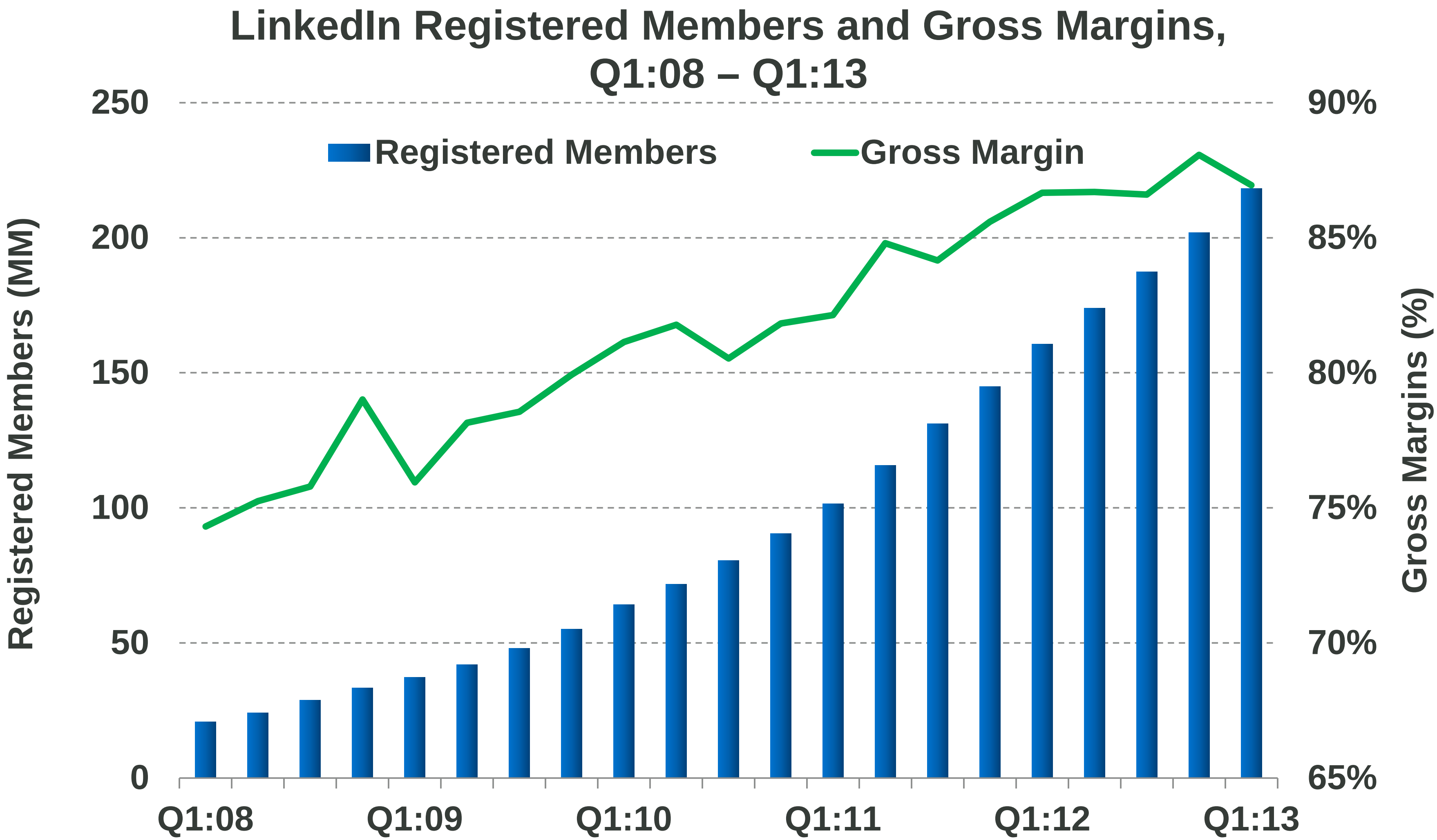

***Home Decoration***
**Adi Tatarko + Alon Cohen /**
**Houzz**



# SO, YOU WANT TO BE A PUBLIC COMPANY?

# Internet IPO Standout – LinkedIn…

## Registered Users = 218MM in Q1, +35% Y/Y; High Gross Margins (87%)

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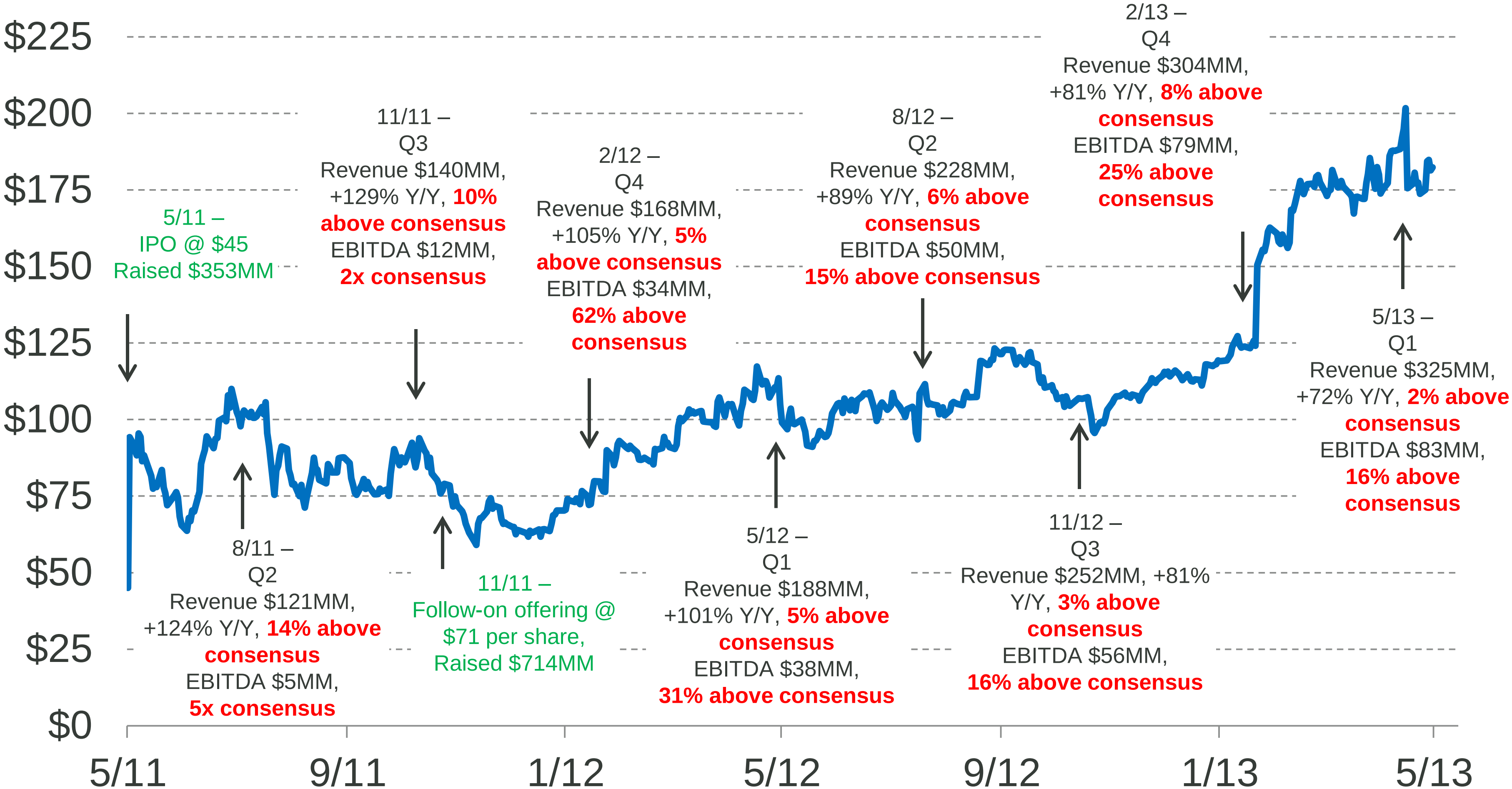
Source: LinkedIn. Data as of 5/27/2013.

# …Internet IPO Standout – LinkedIn

## Averaged 7% Revenue / 83% EBITDA Upside Since IPO, Shares +305%

**LinkedIn Share Daily Closing Price, 5/11-5/13**

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Source: Yahoo Finance, Bloomberg, FactSet. Data as of 5/17/13.

# Financial Dynamics of Internet Leaders

| | eCommerce | | Communication | | Search | Hardware |
|---|---|---|---|---|---|---|
| | **Amazon** | **eBay** | **Facebook** | **Tencent** | **Google** | **Apple** |
| **Years Since Founding** | 19 | 18 | 9 | 15 | 15 | 37 |
| **People** | 91K | 32K | 5K | 24K | 54K | 80K |
| **Users** | 209MM | 116MM | 1.1B | 798MM | 1.2B | 500MM+ |
| **Cumulative** | | | | | | |
| **Operating Expense** | $50B | $42B | $5B | $5B | $63B | $87B |
| **R&D** | $15B | $7B | $2B | $2B | $26B | $21B |
| **Capital Expenditures** | $9B | $6B | $3B | $2B | $20B | $30B |
| **Revenue** | $246B | $79B | $12B | $20B | $153B | $695B |
| **Gross Margin (%)** | 27% | 69% | 72% | 56% | 72% | 37% |
| **Free Cash Flow** | $12B | $19B | $1B | $7B | $53B | $138B |
| **Market Capitalization** | $122B | $71B | $62B | $73B | $301B | $415B |

Full lifetime data for all companies not available. Company (Years of Data) as follows: Amazon (19), eBay (17), Facebook (6), Tencent (12), Google (14), Apple (37 for revenue, 26 for others). Operating expenses exclude one-time, non-recurring charges and include depreciation, amortization, stock-based compensation. Data for eBay includes Paypal. eBay users are active members of eBay marketplace. Data for Google includes DoubleClick (back to 1996). Google gross margin based on revenue net of TAC. Google user data per ComScore. Market cap. figures as of 5/21/2013. Capital expenditures for Facebook include capital leases. Apple user figures based on estimated installed base of Mac, iPad, iPhone, iPod units assuming a 4-year replacement cycle for Macs, 3-year for iPads, 2-year for iPhones and iPods. Figures are not de-duplicated.
Source: Public filings, FactSet, Morgan Stanley Research, Yahoo! Finance, ComScore.

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# **Market Value =** Google + Amazon + eBay + Tencent + Priceline + Yahoo! + Yahoo! Japan + Salesforce.com + LinkedIn Gain Y/Y… Apple + Baidu Fall

| Rank | Company | Region | 2013 Market Value ($B) | 2012 Revenue ($MM) |
|---|---|---|---|---|
| 1 | Apple | USA | $416 | $155,971 |
| 2 | Google | USA | 311 | 49,958 |
| 3 | Amazon | USA | 127 | 61,093 |
| 4 | eBay | USA | 76 | 14,028 |
| 5 | Tencent | China | 74 | 6,957 |
| 6 | Facebook | USA | 73 | 5,089 |
| 7 | Priceline | USA | 42 | 5,261 |
| 8 | Baidu | China | 33 | 3,540 |
| 9 | Yahoo! | USA | 30 | 4,987 |
| 10 | Yahoo! Japan | Japan | 29 | 3,304 |
| 11 | Salesforce.com | USA | 28 | 3,050 |
| 12 | LinkedIn | USA | 22 | 972 |
| 13 | Rakuten | Japan | 17 | 5,558 |
| 14 | Netflix | USA | 14 | 3,609 |
| 15 | Liberty Interactive | USA | 12 | 10,054 |
| 16 | NHN | Korea | 12 | 2,121 |
| 17 | Yandex | Russia | 10 | 926 |
| 18 | Tripadvisor | USA | 9 | 763 |
| 19 | Netease | China | 8 | 1,301 |
| 20 | Verisign | USA | 7 | 874 |
| 21 | Mail.ru | Russia | 6 | 682 |
| 22 | Mercadolibre | Argentina | 6 | 374 |
| 23 | Groupon | USA | 5 | 2,334 |
| 24 | Nexon | Korea | 5 | 1,359 |
| 25 | Asos | UK | 4 | 899 |
| Total | | | $1,375 | $345,064 |

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2013 market value data as of 5/20/2013. Source: FactSet, Google Finance, Morgan Stanley Research.

# HIGH-SKILLED IMMIGRATION – PERSPECTIVE

# ***Immigration in America & The Growing Shortage of High-Skilled Workers***

Report / Presentation Can Be Found at www.kpcb.com/insights

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# Why Did We Publish a Report on High-Skilled Immigration?

- America is the global leader in the technology industry.
- Immigrants (often with STEM* degrees) have been (and are) especially important to the vibrancy of tech companies.
- America has a shortage of high-skilled STEM workers and our tech leaders believe it's constraining their ability to compete and grow jobs in America.
- Government policy helps send many qualified foreign high-skilled workers home and constrains those that can come to America.
- Global environment for recruiting high-skilled STEM workers is likely to get much more competitive.
- Potential for immigration reform in America is very real and the future direction will likely be determined this year.
- This is a big issue for the technology industry – we encourage you to read / share / opine on the report – it can be found at kpcb.com/insights

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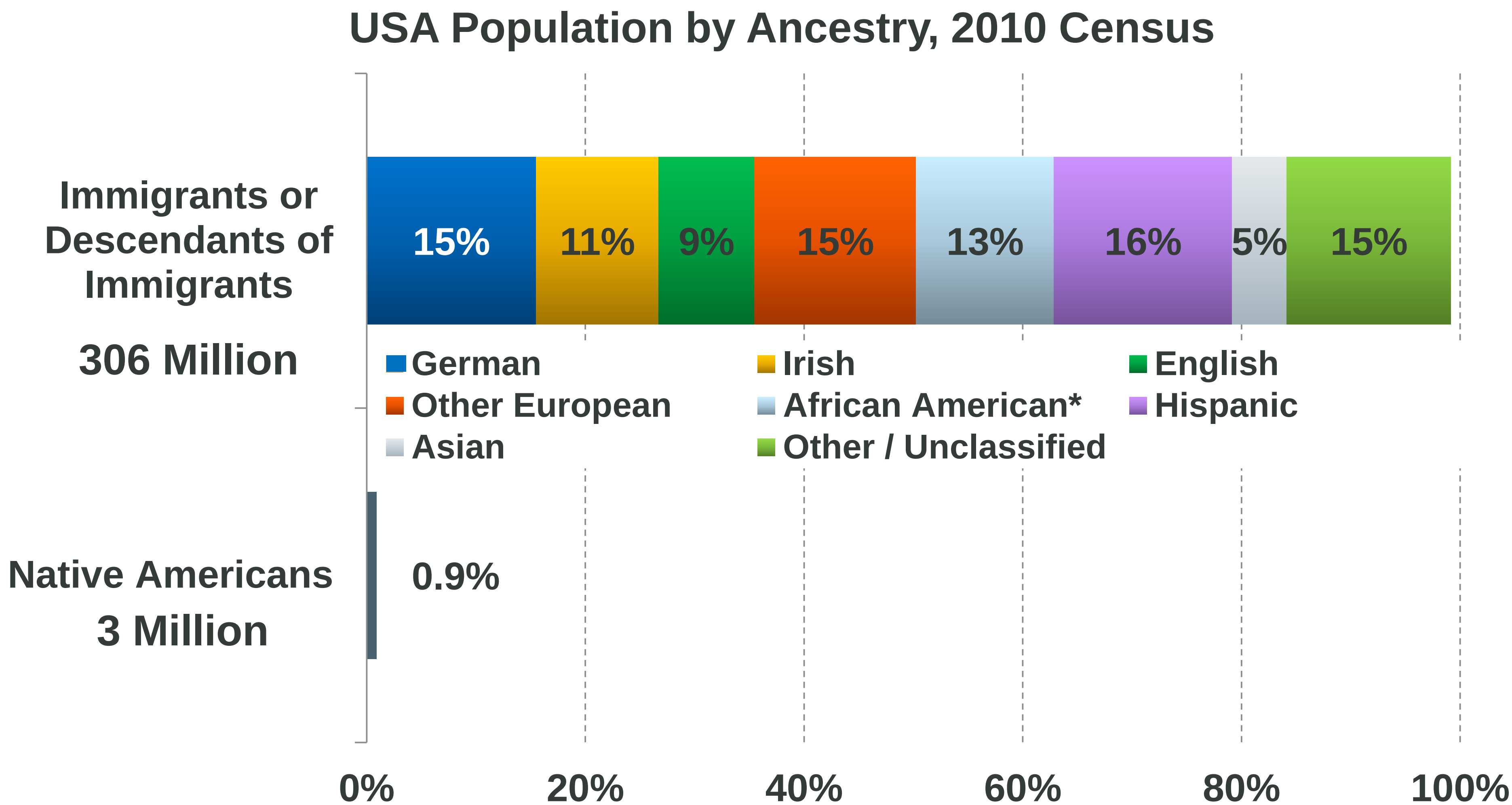
*Note: STEM = Science / Technology / Engineering / Mathematics.

# 99% Of Americans Are Immigrants Or Descendants Of Immigrants

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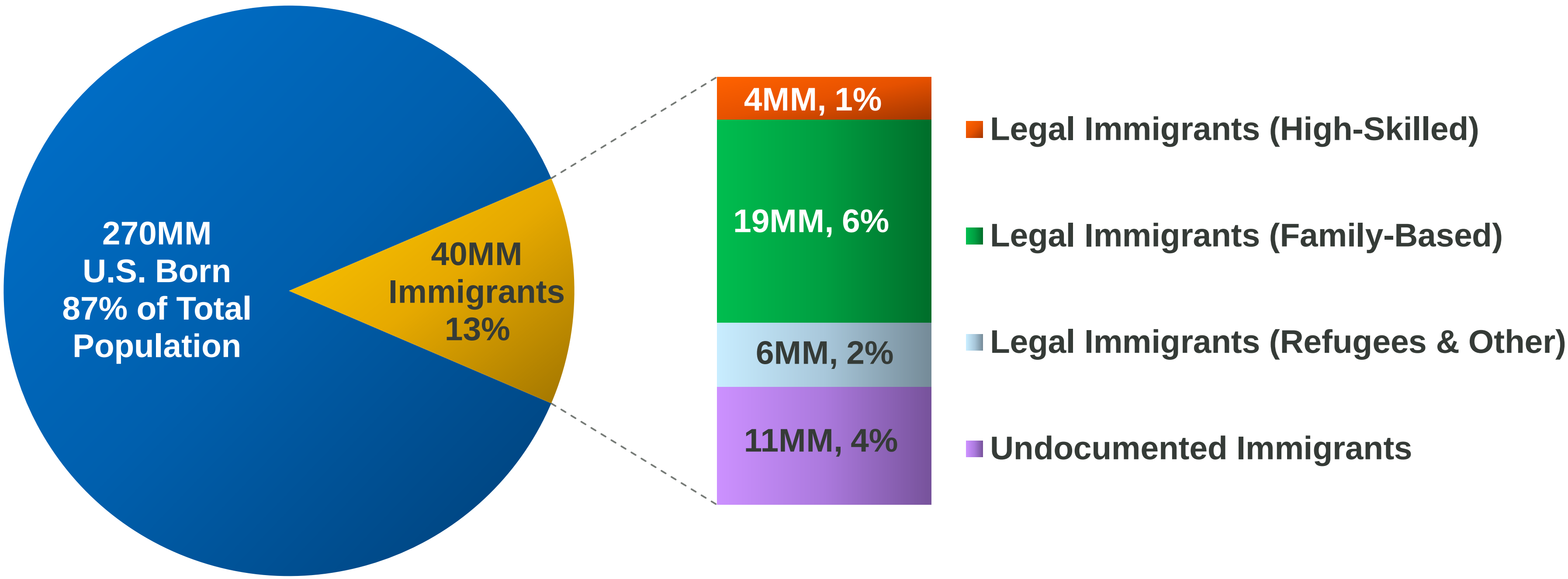
Note: *African-American total includes those who came as slaves and not as voluntary immigrants.
Other includes North America (Canada), Australia, New Zealand, and those who have more than one ethnicity reported.
Source: Census Bureau, 2010 data.

# High-Skilled Immigrants Are Only 1% Of Total U.S. Population

## U.S. Population at a Glance, U.S. Born vs. Immigrants by Type of Admission, 2010




**Total USA Population = 310MM**

Note: Number of undocumented immigrants currently residing in USA is an estimate by PEW Hispanic Center based on Census data. Precise breakdown of legal immigrants currently residing in USA by type of admission is not available and is an estimate based on Census data as well as Department of Homeland Security immigrant admission data from 1986 to 2010. Source: Census Bureau, PEW, DHS.

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# 60% of Top 25 Tech Companies Founded By 1st & 2nd Generation Americans = 1.2MM Employees, 2012

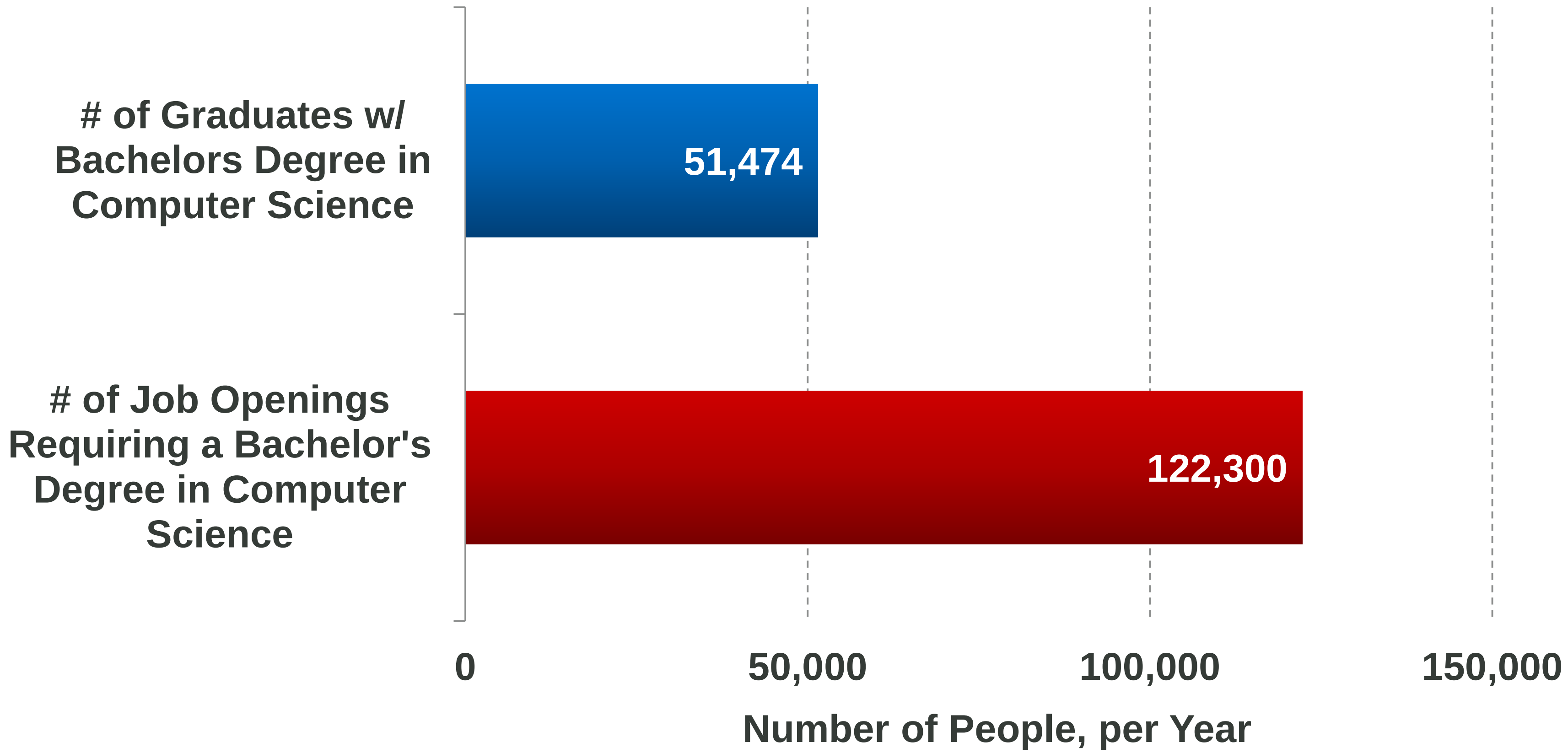
## Founders / Co-Founders of Top 25 U.S. Public Tech Companies, Ranked by Market Capitalization

| Rank | Company | Mkt Cap ($MM) | LTM Rev ($MM) | Employees | 1st or 2nd Gen Immigrant Founder / Co-Founder | Generation |
|---|---|---|---|---|---|---|
| 1 | Apple | $416,622 | $164,346 | 76,100 | Steve Jobs | 2nd-Gen, Syria |
| 2 | Google | 268,445 | 49,958 | 53,861 | Sergey Brin | 1st-Gen, Russia |
| 3 | IBM | 239,530 | 104,507 | 434,246 | Herman Hollerith | 2nd-Gen, Germany |
| 4 | Microsoft | 234,828 | 72,764 | 94,000 | -- | -- |
| 5 | Oracle | 172,044 | 37,230 | 115,000 | Larry Ellison / Bob Miner | 2nd-Gen, Russia / 2nd-Gen, Iran |
| 6 | Amazon.com | 119,011 | 61,093 | 88,400 | Jeff Bezos | 2nd-Gen, Cuba |
| 7 | Cisco | 116,904 | 47,252 | 66,639 | -- | -- |
| 8 | Intel | 105,721 | 53,341 | 105,000 | --* | -- |
| 9 | Ebay | 65,357 | 14,028 | 31,500 | Pierre Omidyar | 1st-Gen, France |
| 10 | Facebook | 63,472 | 5,089 | 4,619 | Eduardo Saverin | 1st-Gen, Brazil |
| 11 | EMC | 53,347 | 21,714 | 60,000 | Roger Marino | 2nd-Gen, Italy |
| 12 | Hewlett-Packard | 43,118 | 118,397 | 331,800 | -- | -- |
| 13 | Texas Instruments | 38,756 | 12,690 | 34,151 | Cecil Green / J. Erik Jonsson | 1st-Gen, UK / 2nd-Gen, Sweden |
| 14 | VMware | 35,917 | 4,605 | 13,800 | Edouard Bugnion | 1st-Gen, Switzerland |
| 15 | Priceline | 35,583 | 5,261 | 7,000 | -- | -- |
| 16 | Automatic Data Processing | 31,274 | 10,945 | 57,000 | Henry Taub | 2nd-Gen, Poland |
| 17 | salesforce.com | 25,840 | 3,050 | 9,800 | -- | -- |
| 18 | Dell | 25,003 | 56,982 | 111,300 | -- | -- |
| 19 | Yahoo! | 24,306 | 4,987 | 11,700 | Jerry Yang | 1st-Gen, Taiwan |
| 20 | Cognizant Technology | 23,648 | 7,346 | 156,700 | Francisco D'souza / Kumar Mahadeva | 1st-Gen, India** / 1st-Gen, Sri Lanka |
| 21 | Adobe Systems | 20,640 | 4,373 | 11,144 | -- | -- |
| 22 | Broadcom | 19,713 | 8,006 | 11,300 | Henry Samueli | 2nd-Gen, Poland |
| 23 | Intuit | 19,393 | 4,153 | 8,500 | -- | -- |
| 24 | LinkedIn | 19,357 | 972 | 3,458 | Konstantin Guericke / Jean-Luc Vaillant | 1st-Gen, Germany / 1st-Gen, France |
| 25 | Symantec | 16,916 | 6,839 | 20,500 | -- | -- |
| **Total Founded by 1st or 2nd Gen Immigrants** | | **$1,590,800** | **$507,516** | **1,151,835** | | |

*Note that while Andy Grove (from Hungary) is not a co-founder of Intel, he joined as COO on the day it was incorporated.
**Francisco D'souza is a person of Indian origin born in Kenya. Source: FactSet as of 3/13; "The 'New American' Fortune 500", a report by the Partnership for a New American Economy; "American Made, The Impact of Immigrant Founders & Professionals on U.S. Corporations"

# Computer Science Job Opening Forecast = 2.4x # of Computer Science Graduates

**Projected Average Annual # of Graduates w/ Bachelors Degree in Computer Science vs. # of Job Openings Requiring a Bachelors Degree in Computer Science, 2010-2020E**

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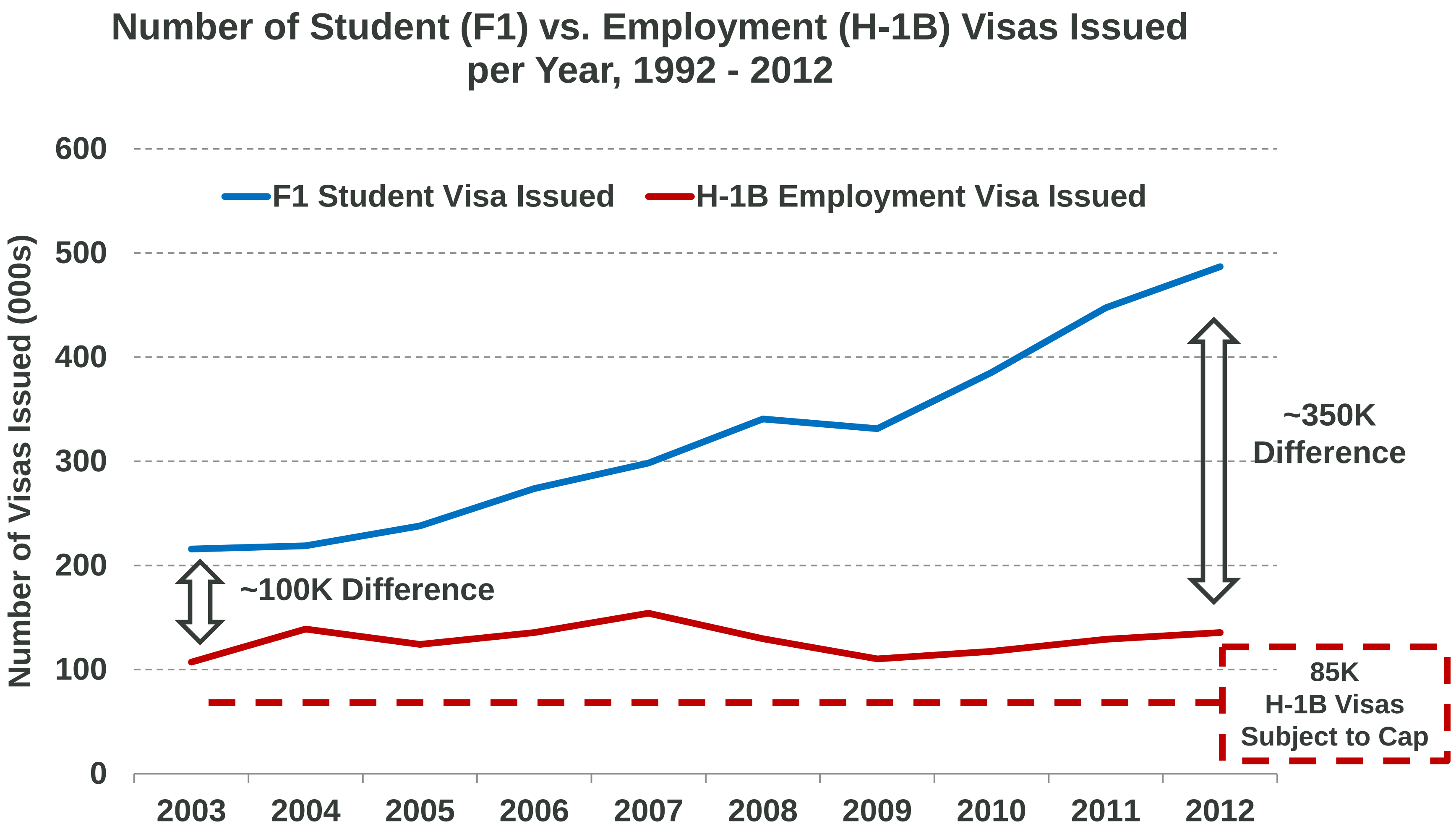
Source: Microsoft analysis (published in 2013) based on Bureau of Labor Statistics data.

# USA Sending More Qualified Foreign Students Home Post Graduation - 3.5x Rise in Student & Employment Visa Issuance Gap Over Decade

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Source: U.S. Department of State.

# Startups & Big Tech Companies Can't Hire Enough Engineers

## Street View From Silicon Valley


**Five High-Tech Companies Alone – IBM, Intel, Microsoft, Oracle And Qualcomm – Have Combined 10,000 Current Openings In The United States.**

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Image: View outside of Quixey's office on Castro St. in Mountain View, CA. Picture by Joshua Stanton-Savitz. Data source: Technology CEO letter to the president and lawmakers, 3/13. http://www.scribd.com/doc/130388692/Tech-CEO-letter

# Read More @ kpcb.com/insights

**IMMIGRATION IN AMERICA & THE GROWING SHORTAGE OF HIGH-SKILLED WORKERS**

Mary Meeker / Liang Wu

5.29.13

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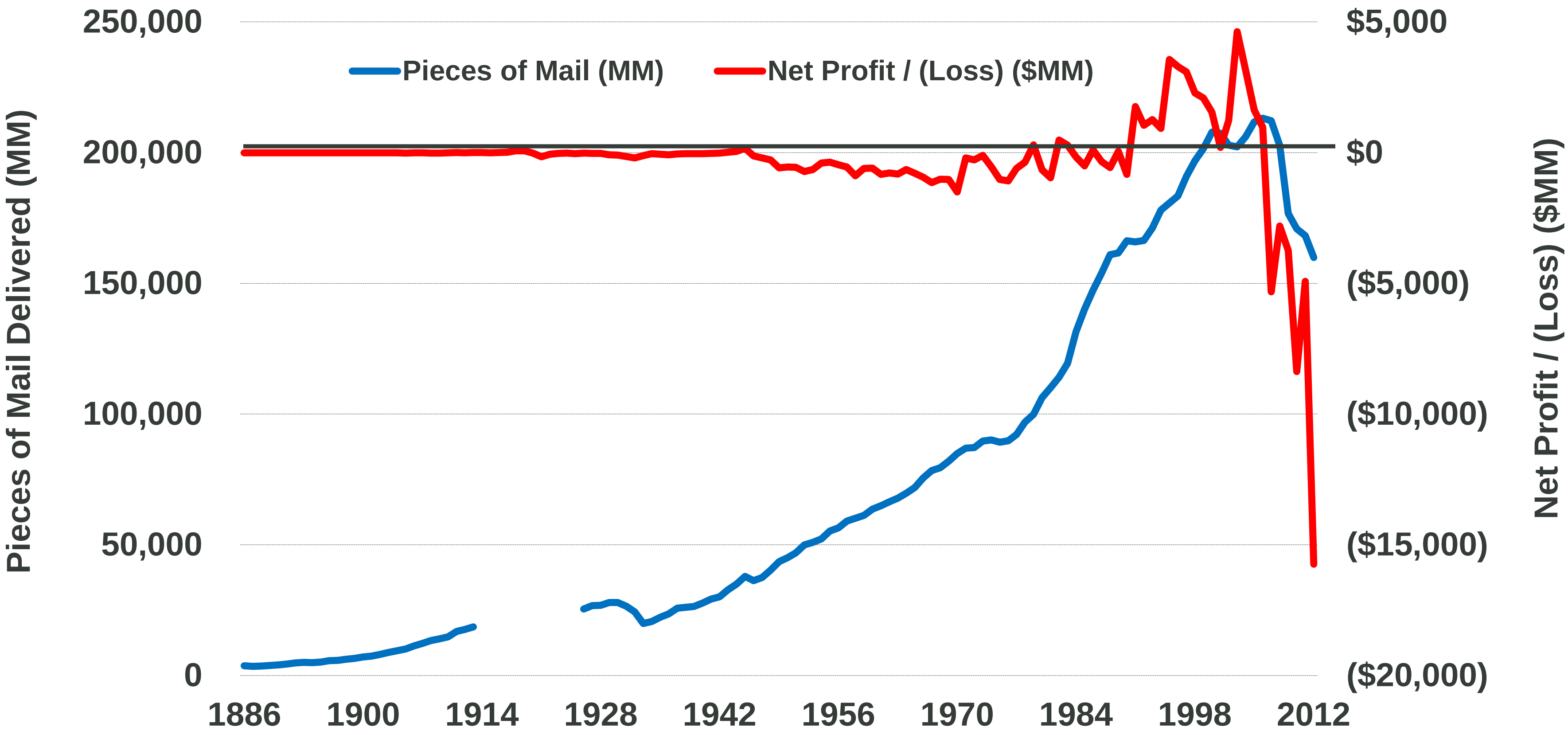
# APPENDIX

# *Traditional Industries Being Re-Imagined*

# U.S. Postal Service Mail Volume Peaked in 2006 Owing to Email Rise…
# Profitability Plummeted

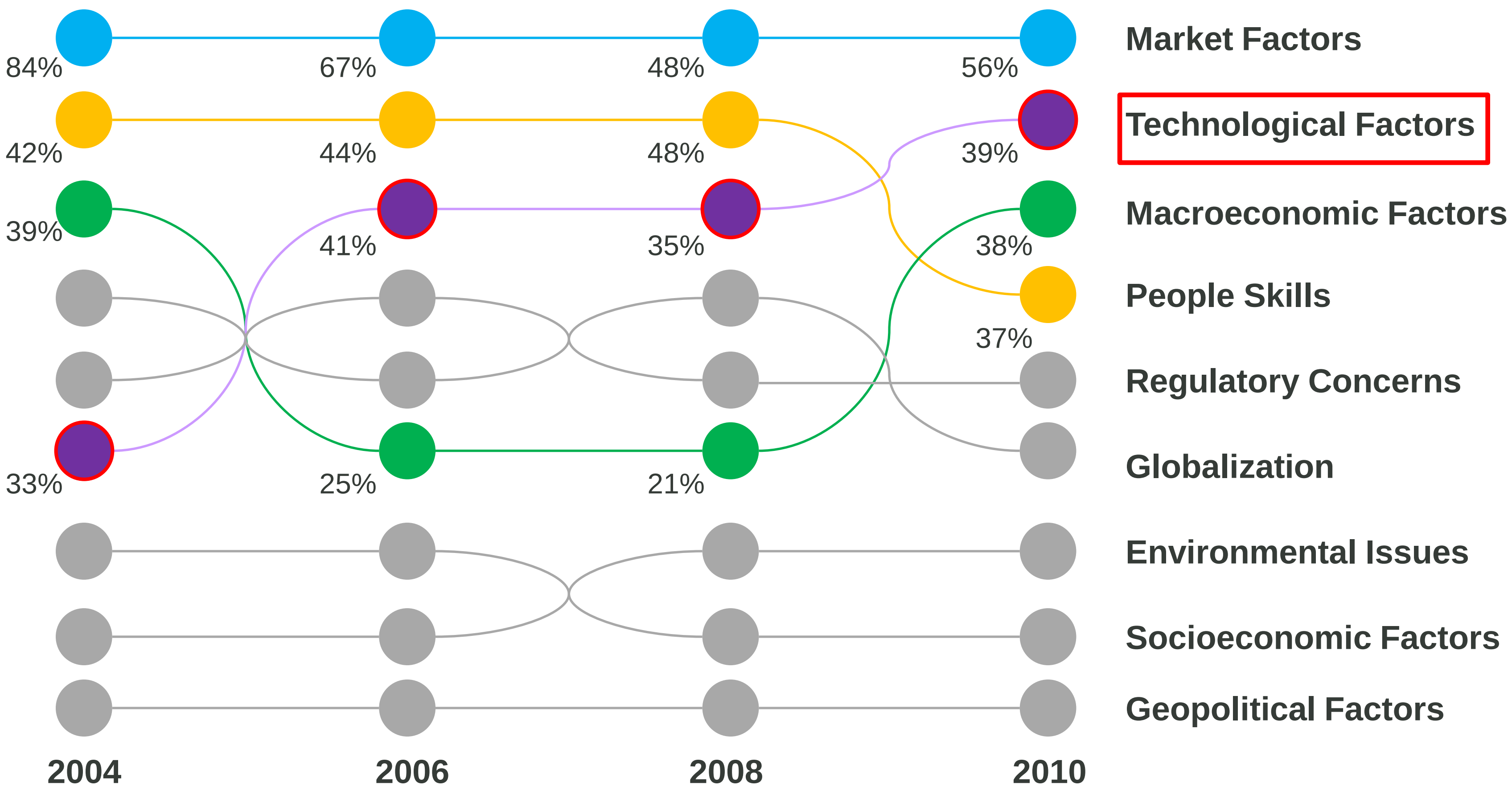
**Pieces of Mail Delivered (MM) and Net Profit / (Loss) ($MM) of U.S. Postal Service, 1886 - 2012**




Source: Annual Report of the Postmaster General. Data not available for 1914 - 1925.

# Relative Impact of Technology on Large Organizations = #2 Concern & Rising Rapidly

**% of CEOs Who Thought The Following External Factors Would Have The Biggest Impact on Their Organizations…**




Source: IBM, "Capitalizing on Complexity: Insights from Global CEO Study", May 2010. Study consisted of face-to-face conversations with over 1,500 CEOs worldwide. Executives were asked to discuss top three external forces that will have the biggest impact on their organizations.

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# **Financial Services -** Context

- **600MM+ credit cards** in use in USA, average American carries 3-4 credit cards in addition to check cards / loyalty cards / coupons / cash in wallet.
- **17% average credit card borrowing rate** vs. 1.8% 10-Year US Treasury bond yield*.

- **16B paper bills sent** per year in USA.
- **4.3B bills paid** by paper check per year in USA.

Source: *Credit Card #s per Federal Reserve Bank of Boston, Credit Card interest rate per Indexcreditcards, 10-year Treasury yield are 5/13 averages, per Dept. of Treasury. Bill data per Fiserv.

# Emerging Financial Services Metrics

| Company | Gross Volume | Y/Y Growth | # Users |
|---|---|---|---|
| Square | **$15B+** Gross Payment Volume Processed to Date | ~3x Y/Y | **4MM+** Merchants |
| LendingClub | **$1.8B+** Loans Issued to Date | ~3x Y/Y | **137K+** Loans Funded to Date |
| Check formerly Pageonce | **$500MM+** Gross Payment Volume of bills Per Year | ~17x Y/Y | **8MM+** Registered Users |
| bitcoin | **18MM+** Cumulative Transactions | ~5x Y/Y | **11MM+** Bitcoins in Circulation |
| Chase Mobile® CHASE | **$29B+** Gross Mobile Payment Volume Per Year | ~2.5x Y/Y | **20MM+** Registered Users |

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Square Y/Y growth excludes partnerships. Lending Club loans issued to date as of 5/25/2013. Bitcoins data as of 5/25/2013, per Blockchain.
Source: Square, LendingClub, Check, Blockchain.info, JP Morgan Chase.

# **Education -** Context…

- **$1.1T+** annual spending on education in USA, **$460B+** = post-secondary, cost of going to college up +2x (inflation adjusted) over 30 years.
- **$914B**** student loans outstanding ($25K per graduating student), bigger than credit card ($672B) & auto loans ($750B).
- Student loans up **8x** over ten years.

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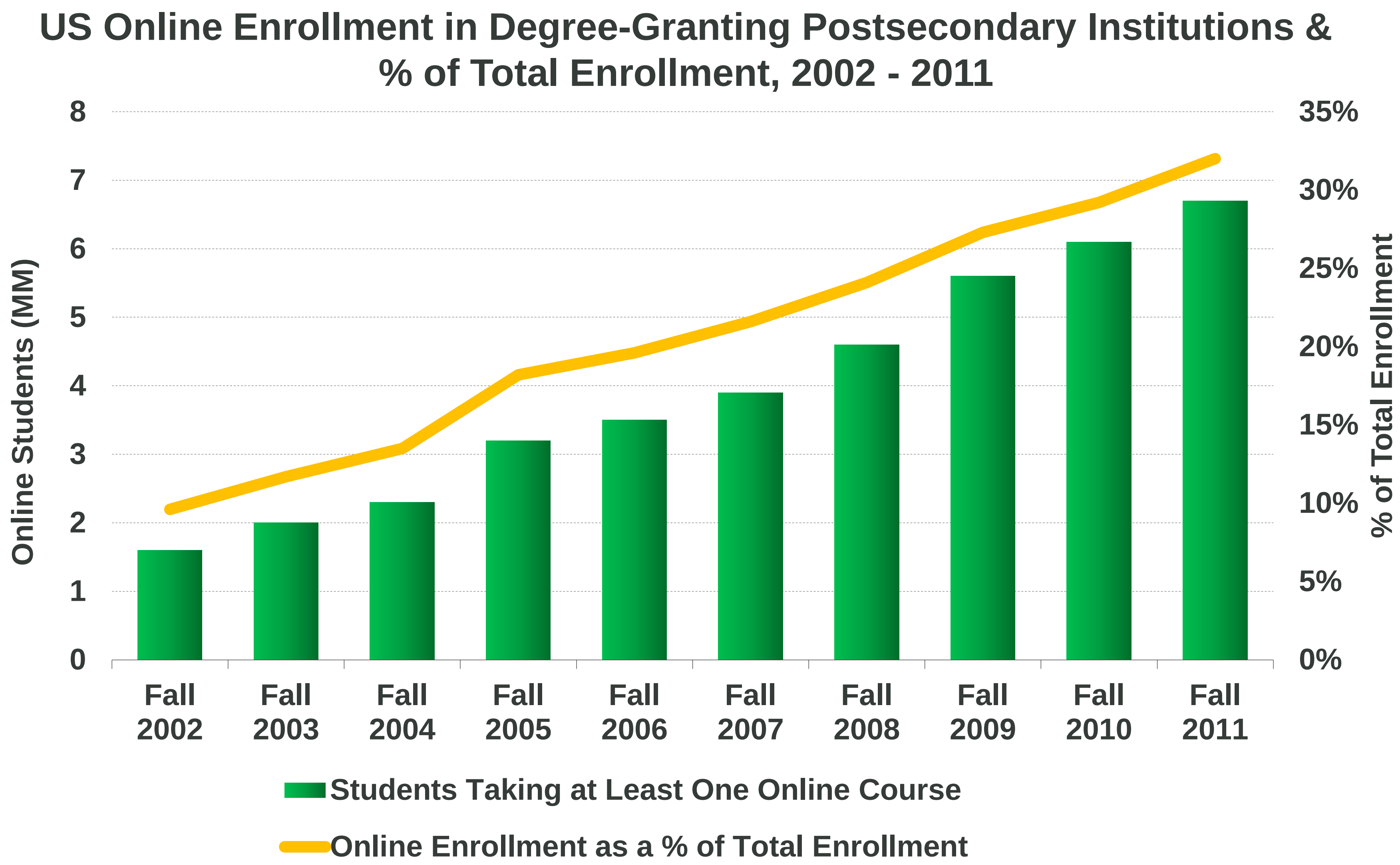
Source: **Federal Reserve Bank of New York. Programme for International Student Assessment (PISA).

# Online Education Growing Rapidly =
32% of Students Taking at Least One Online Course, 2011

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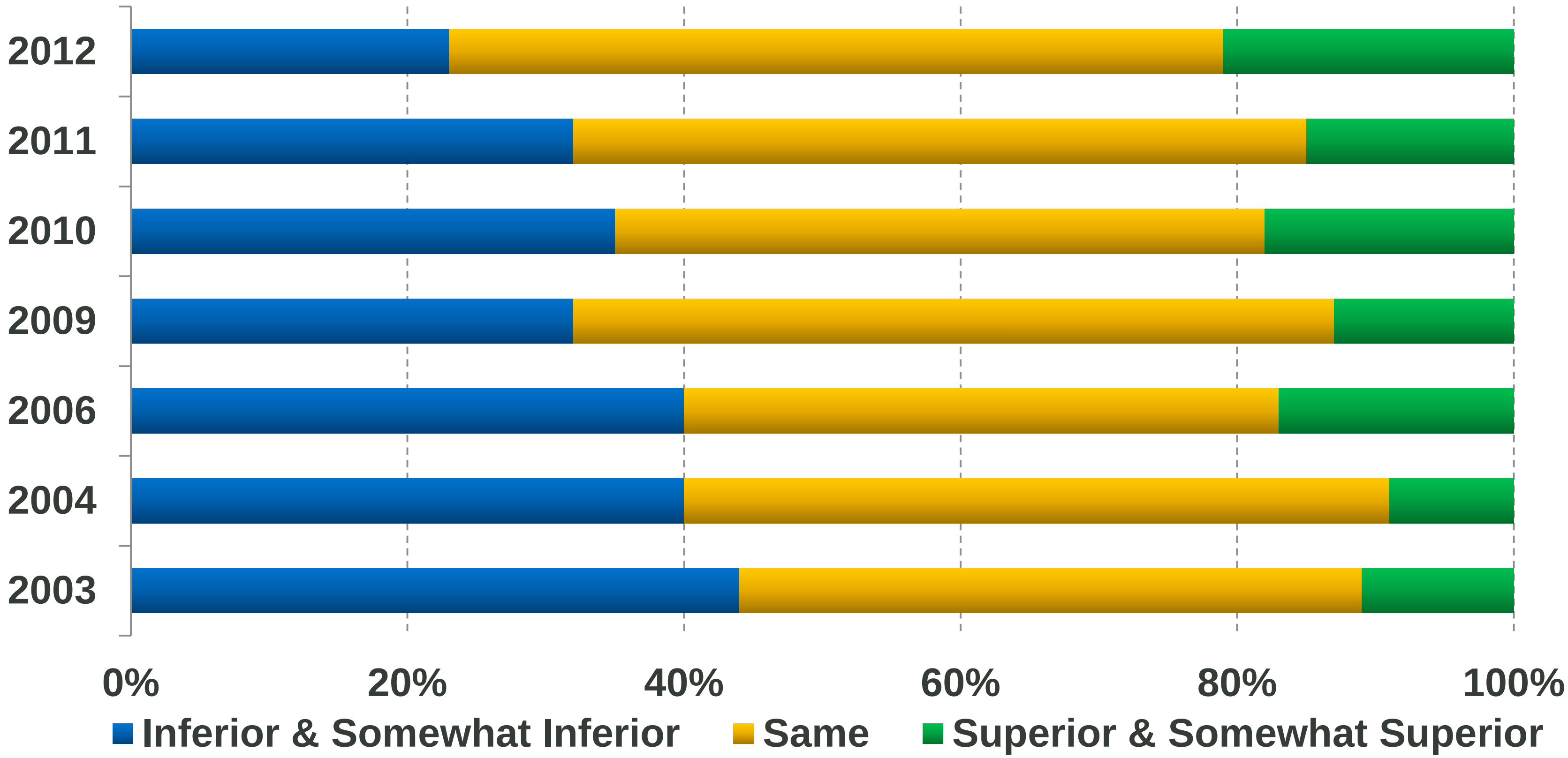
Source: *Changing Course: 10 Years of Tracking Online Education in the United States.* Babson Survey Research Group 1/13.

# **Online Education =** Quickly Becoming More Accepted

77% of academic leaders at over 2,800 US colleges perceive online education as the same or superior as compared to face-to-face education

**Academic Leaders' Perceptions of Learning Outcomes in Online Education Compared to face-to-face**

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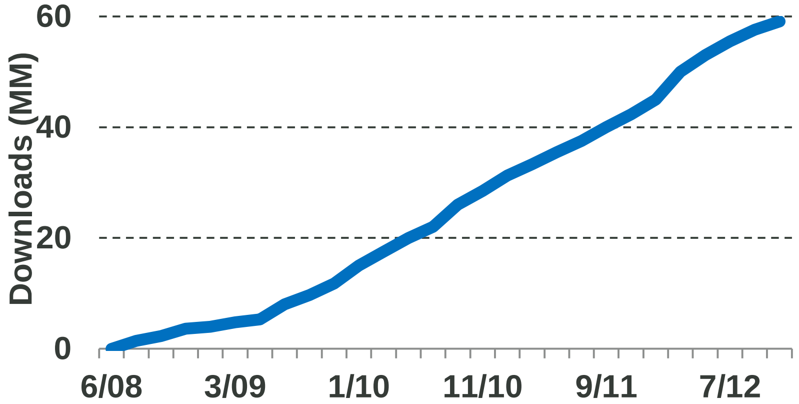
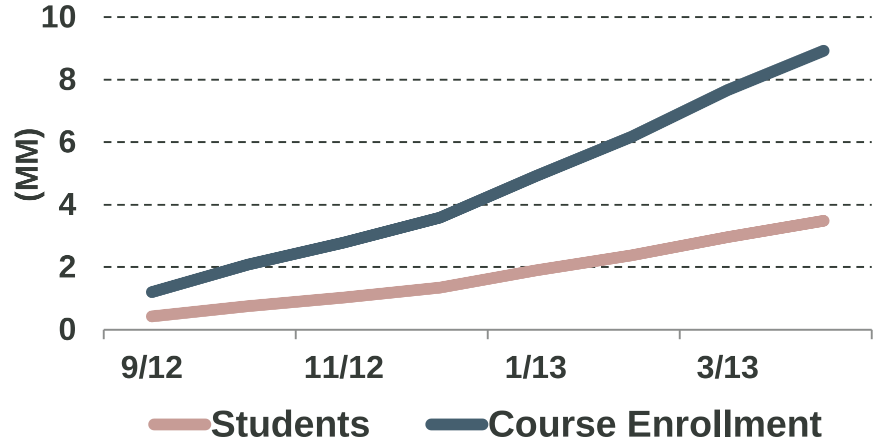
Source: *Changing Course: 10 Years of Tracking Online Education in the United States.* Babson Survey Research Group and the College Board, 1/13.

# Education Being Democratized =
# Fast Global MOOC (Massively Open Online Course) User Growth

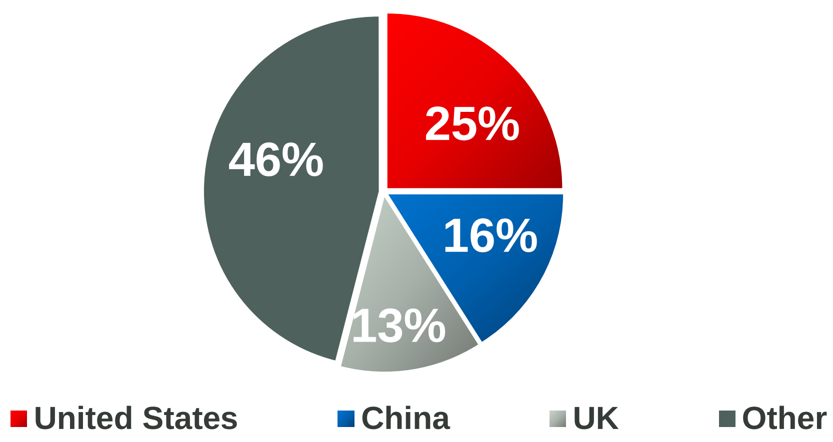
**iTunes U**
**Open University Downloads, 6/08 – 3/13**



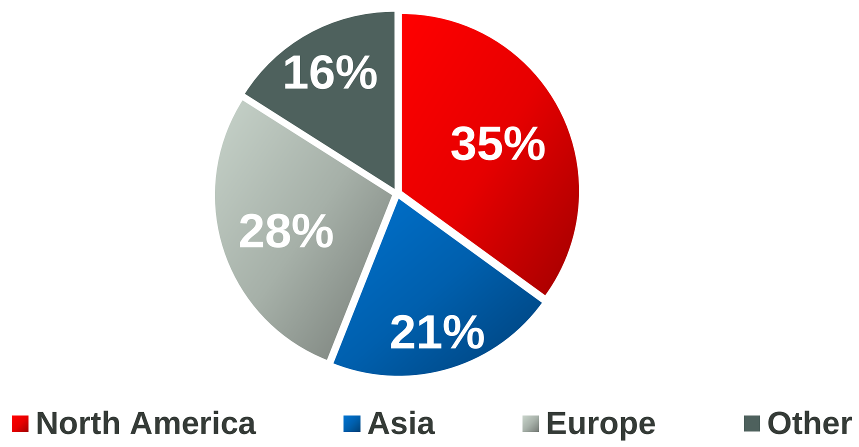

**Coursera**
**Users & Course Enrollment, 9/12 – 3/13**




**iTunes U Open University Downloads, by Region**




**Coursera Users, by Region**

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Source: The Open University 3/13, & Coursera Company Data, 4/13.

# **Healthcare** – Context…

- **$2.6T+** annual spend on healthcare in USA, 18% of GDP in 2010, up from 5% in 1960, and 2x OECD average.
- **~100MM** Americans (30%) of Americans considered obese in 2012, up from 15% in 1990.
- **$147B** estimated medical costs associated with obesity in 2008, up from $79B in 1998.

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Source: American Heart Association, Center for Medicare & Medicaid Services, 2012, OECD.

# Right Story, Great Reporting…Perhaps, Right Time


*When we debate health care policy, we seem to jump right to the issue of who should pay the bills, blowing past what should be the first question:*

*Why exactly are the bills so high?*

- Steven Brill, *Time*, March 2013

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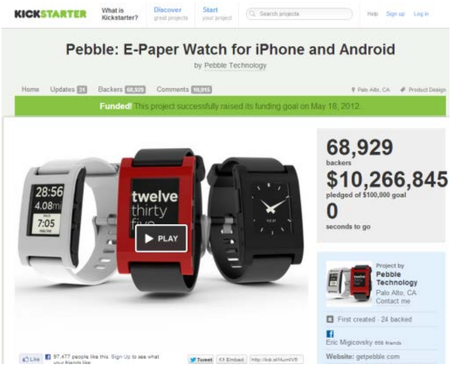
***Re-Imagination is Alive & Well***

# Re-Imagination of Basic Business Process…

## Building / Funding

*KickStarter*

Online / Social Distribution / Real-Time Progress




## Logistics

*JD.com (360buy)*

At Your Door Same-Day Delivery / Real-Time Tracking / Last Mile on Bikes

## Manufacturing

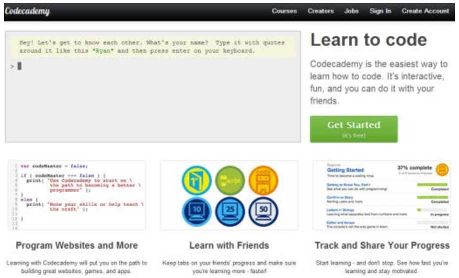
*MakerBot*

3-D Prototyping / Printing


## Education

*Codecademy*

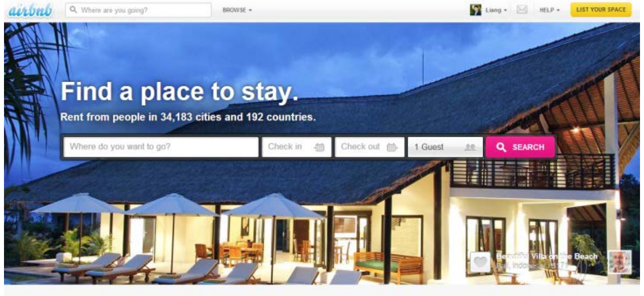
Accessible by Anyone, Anywhere, Anytime




## Housing

*Airbnb*

Turn Privately-Owned Properties into Hotel Experience




## Transportation

*Uber*

On-Demand Transportation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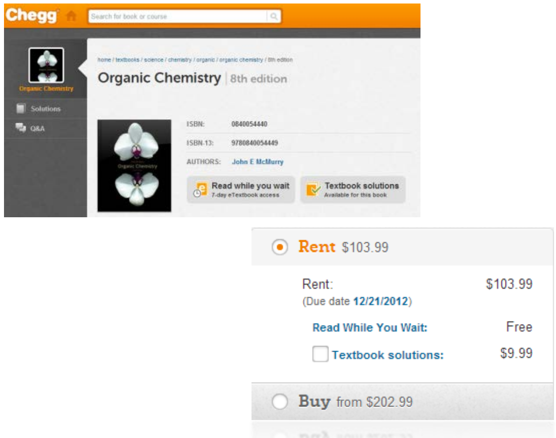
# Re-Imagination of Asset-Heavy Products / Services…

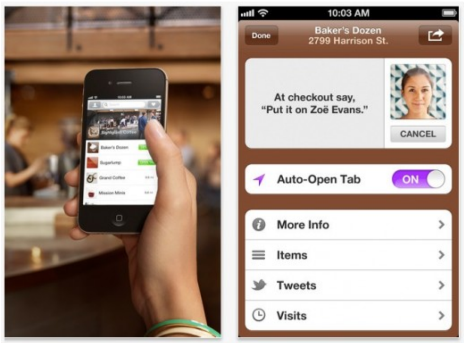
## Music
(Spotify)
Pay for Access / Instant On-Demand Streaming on Internet-Enabled Devices

## Video
(Netflix)
On-Demand / Instant Access Anywhere

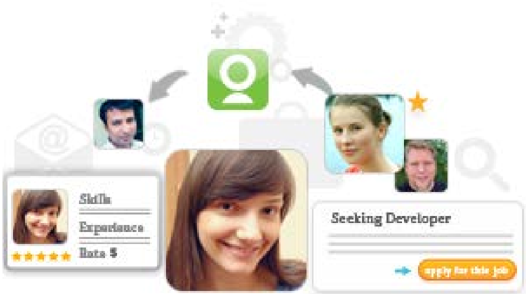

## Textbooks
(Chegg)
Pay For Usage Rights During Semester



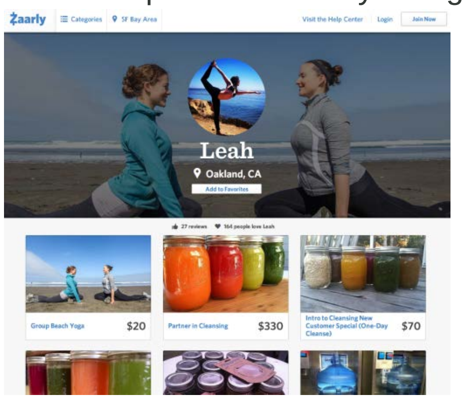

## Wallet
(Square)
Smartphone is the New Wallet




## Employment
(oDesk / eLance)
Workforce as a Service (WaaS) / On-Demand / Global




## Store Fronts
(Zaarly)
Anyone Can Open / Beautifully Designed

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# Re-Imagination of R&D…

## Minted

- 85K designs submitted
- 4MM monthly visitors

minted.

We love designers.

Our mission is to connect the world's best design geniuses with a community of design-savvy customers who enjoy the creation and appreciation of good design.

submit a design

minted. + west elm

Submit your art prints for a chance to be sold in West Elm stores across the country.

## Quirky

- 87K designs submitted
- 360K registered users

Quirky

**Welcome to the Product Evaluation (BETA)**

**Help Quirky pick the world's next great product.**

Thousands of Creative People around the world have submitted their ideas to be evaluated by Quirky, and now it is up to you to vote for the ones with the most potential. If you help us find a finalist, we will reward you with influence. Good luck! Our product line is in your hands.

Watch our help video to get started ▶

Quirky + GE

**Submit your idea** for an app-enabled product that will make your home smarter.

## 99Designs

- 228K designers
- 216K contests

99designs

Launch your contest

We list your design contest in our marketplace for our community of more than 200,000 designers to see. From Berlin to Bombay, professional creatives will read your brief and begin to brainstorm ideas just for you.

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Source: Company data.

# Re-Imagination of "Learning Tools" = Twitter / YouTube / Google Docs / Google / WordPress

- 582 learning professionals worldwide were asked to provide their top 10 tools used for learning in 2012 / 2009
- 'Learning tool' is defined as any tool that you could use to create or deliver learning content/solutions for others, or a tool you use for your own personal learning
- The 2012 survey compiled data from 582 learning professionals worldwide (55% working in education & 45% in non-educational organizations

**C4LPT Ranking of Top Learning Tools**

| Company | 2012 Rank | 2009 Rank |
|---|---|---|
| Twitter | 1 | 1 |
| YouTube | 2 | 3 |
| Google Docs* | 3 | 5 |
| Google Search | 4 | 8 |
| WordPress | 5 | 6 |
| Dropbox | 6 | 71 |
| Skype | 7 | 11 |
| Powerpoint | 8 | 13 |
| Facebook | 9 | 31 |
| Wikipedia | 10 | 17 |
| Moodle | 11 | 14 |
| Evernote | 12 | 27 |
| Slideshare | 13 | 7 |
| Prezi | 14 | 28 |
| Blogger / BlogSpot | 15 | 14 |

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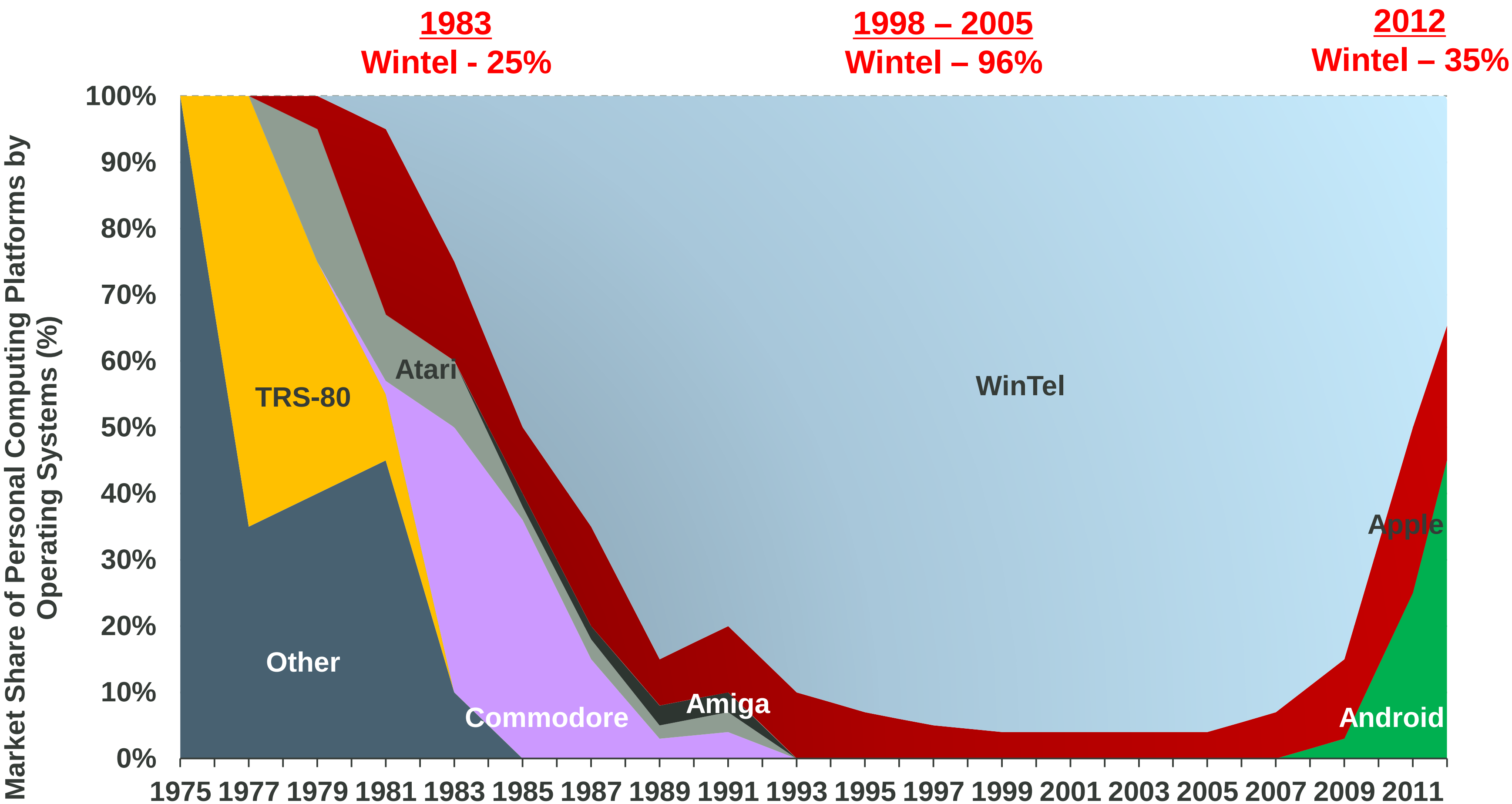
Source: Centre for Learning & Performance Technology (C4LPT) Top 100 Tools For Learning 2012.

# Re-Imagination of Computing Operating Systems - iOS + Android = 60% Share vs. 35% for Windows

**Global Market Share of Personal Computing Platforms by Operating System Shipments, 1975 – 2012**

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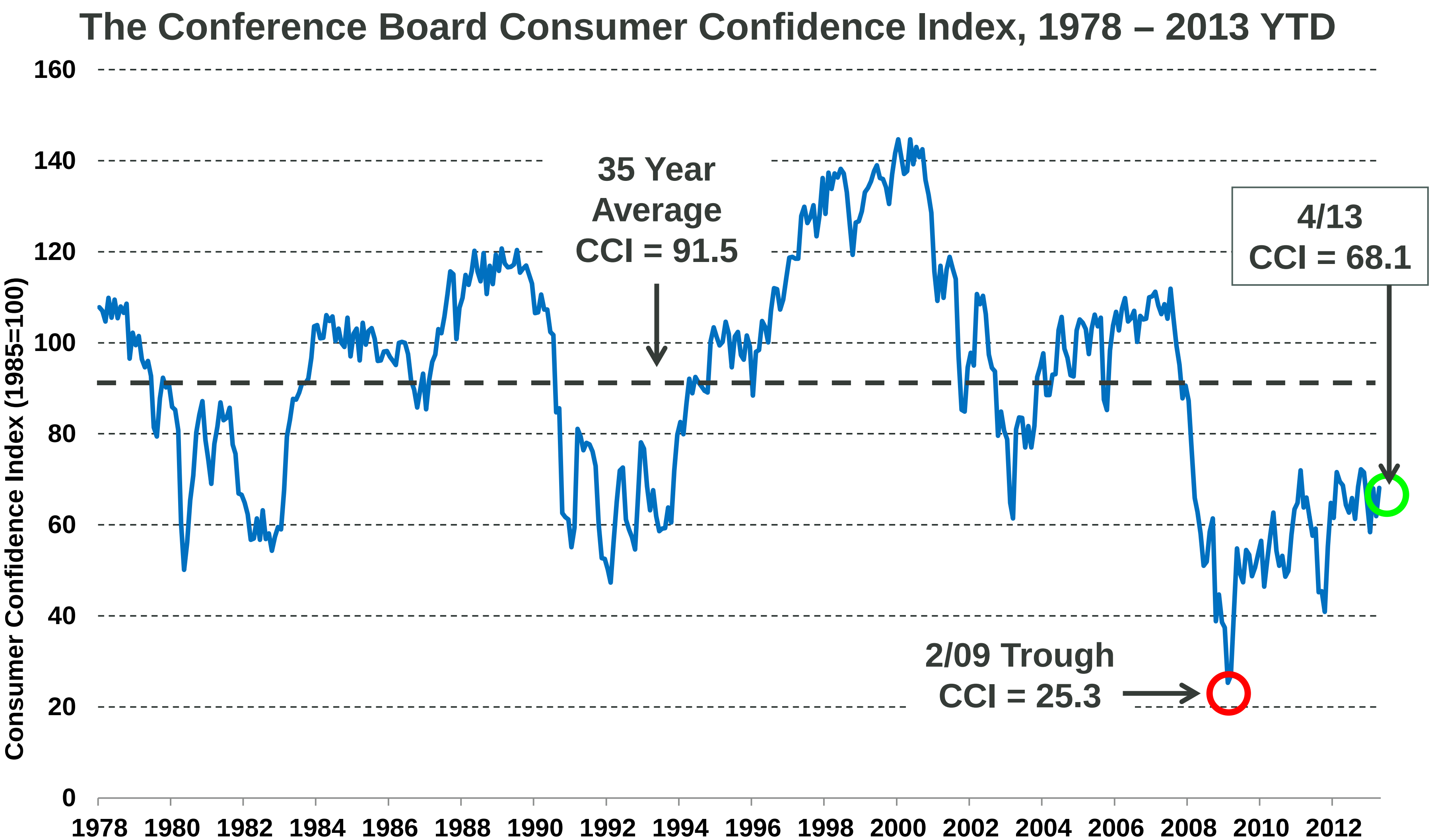
Source: Asymco.com (as of 2011), Public Filings, Morgan Stanley Research, Gartner for 2012 data.

# *USA, Inc.*

Report / Presentation Can Be Found at www.kpcb.com/insights

# Consumer Confidence = At Five-Year Highs, Though Still Well Below 30-Year Average

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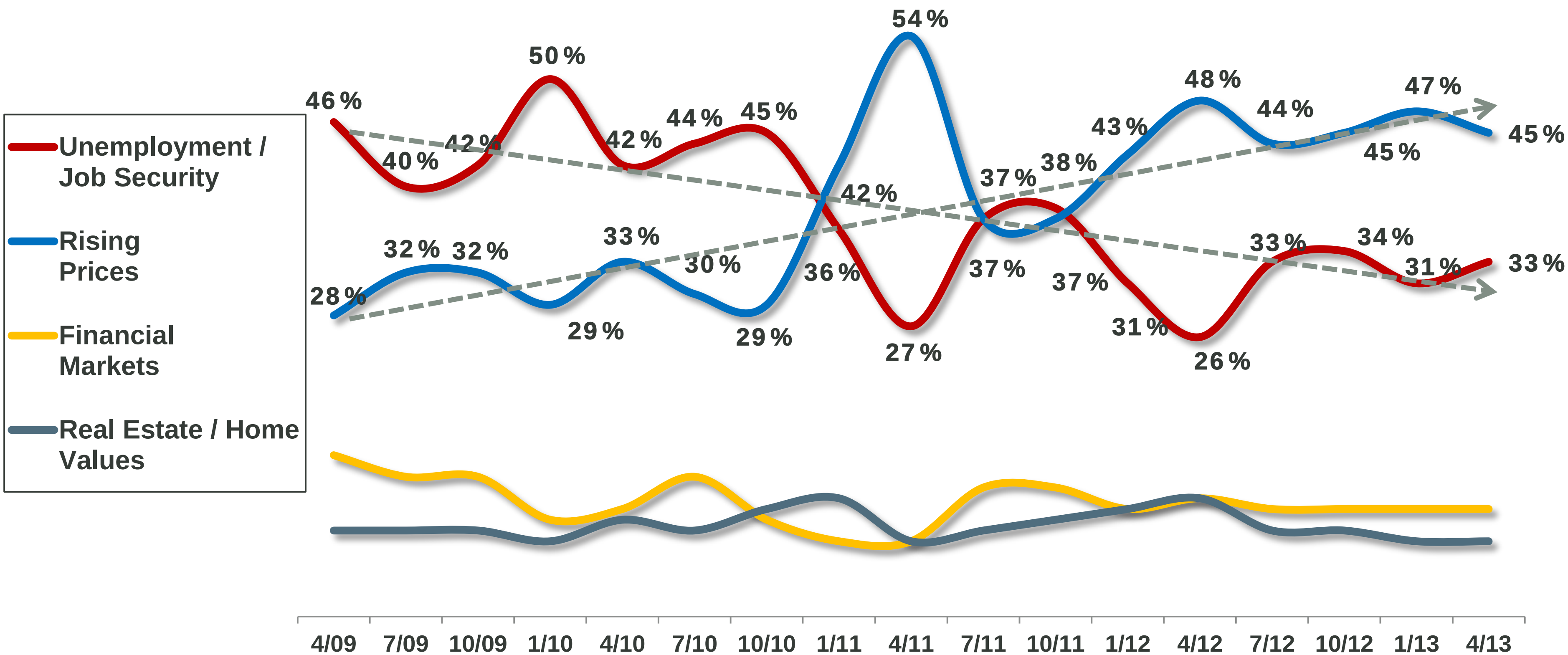
Note: Index started in 1967 / benchmarked to 1985=100. The Index is calculated each month on the basis of a household survey of consumers' opinions on current conditions and future expectations of the economy. Source: The Conference Board, 5/13.

# Consumers Less Concerned About Employment, More Concerned About Rising Prices

## Percent of USA Respondents Citing Their One Most Important Issue, 4/09 – 4/13

**Q. Based on your current situation, which one of the following economic conditions most concerns you?**

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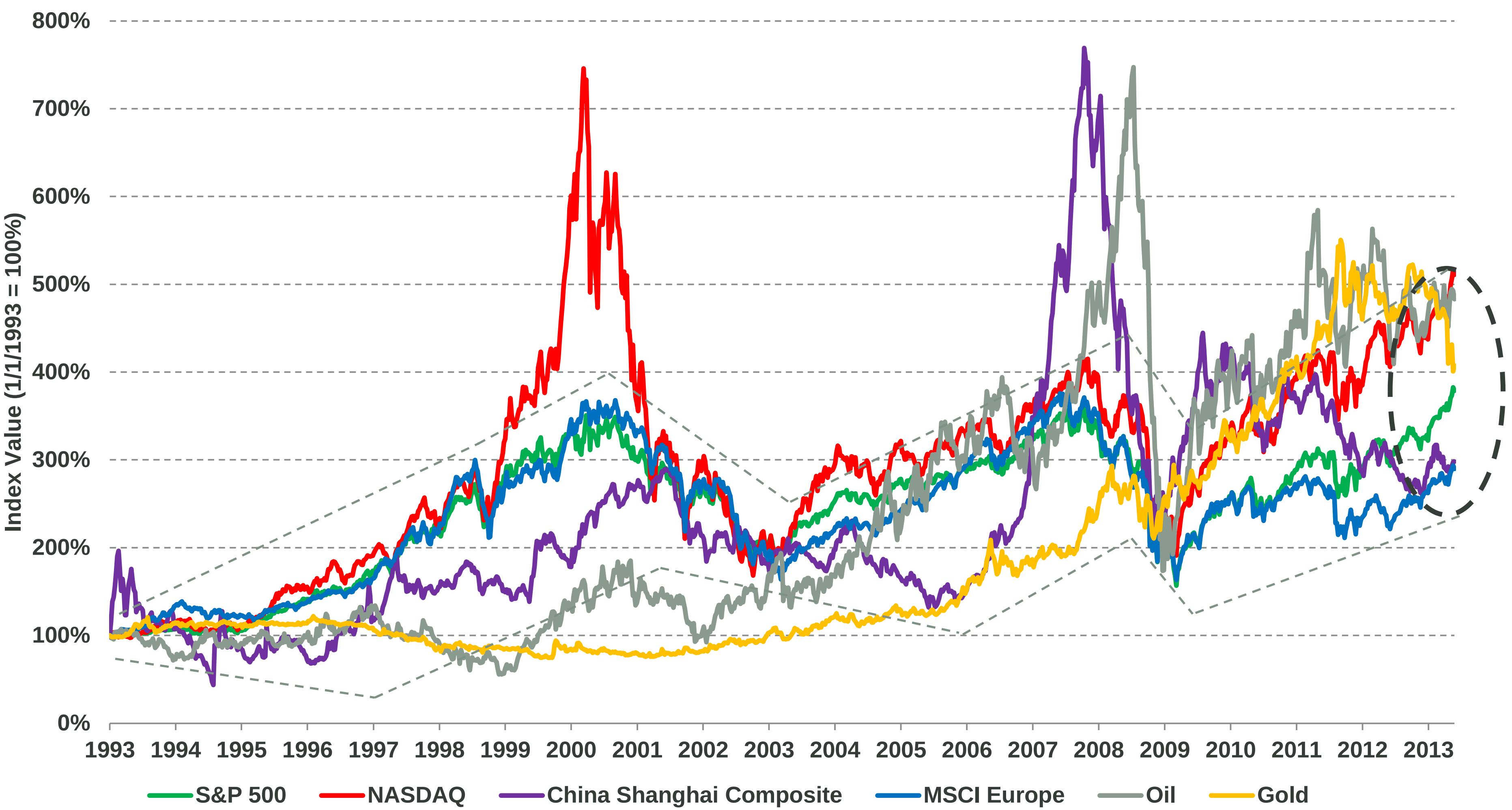
Source: comScore surveys, 4/13.

# **Stock Markets =**
# Often Leading Indicators of Economic Activity

## Stock / Commodity Markets Performance (% Change From 1/93), 1/93 – 5/13

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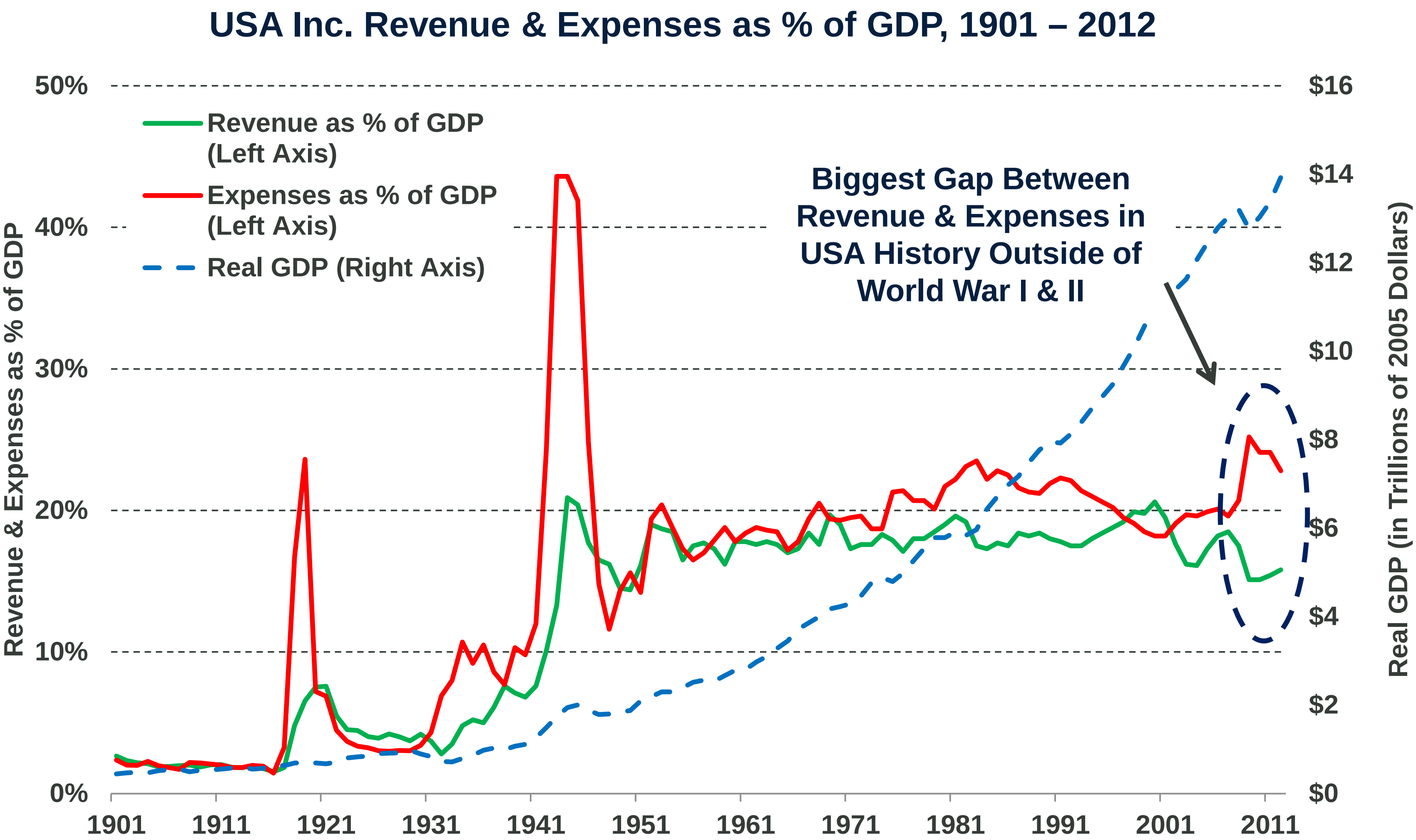
Note: All values are indexed to 1 (100%) on Jan 1, 1993. Data as of 5/24/13.
Source: FactSet.

# USA, Inc. – Biggest Gap Between Revenue & Expenses in USA History Outside of World War I & II

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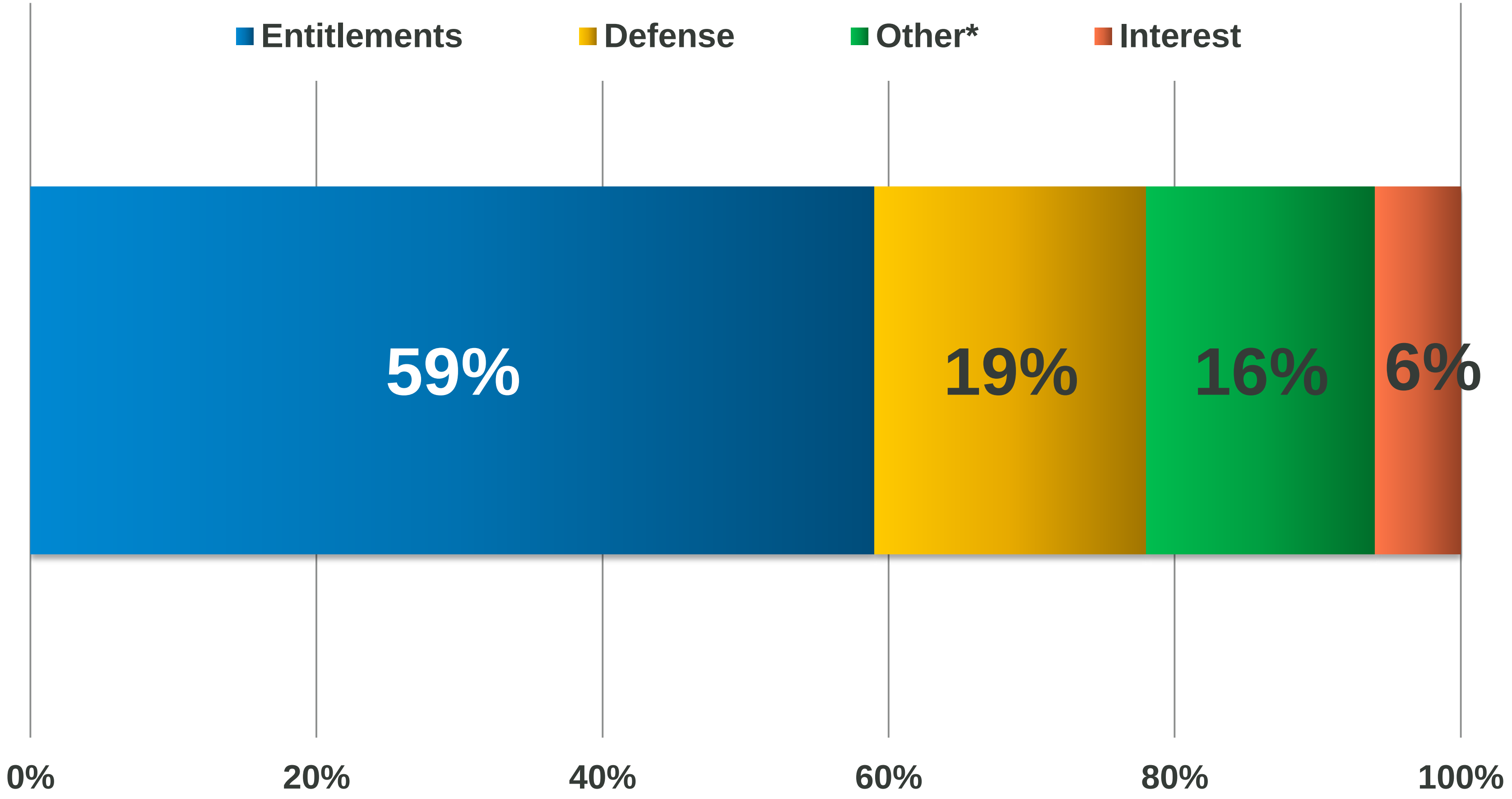
Source: 1910 – 1930 per Census Bureau, 1940-2012 per White House OMB. Real GDP adjusted for inflation, in 2005 dollars.

# Where Your Tax Dollars Go –
Entitlements = 59%

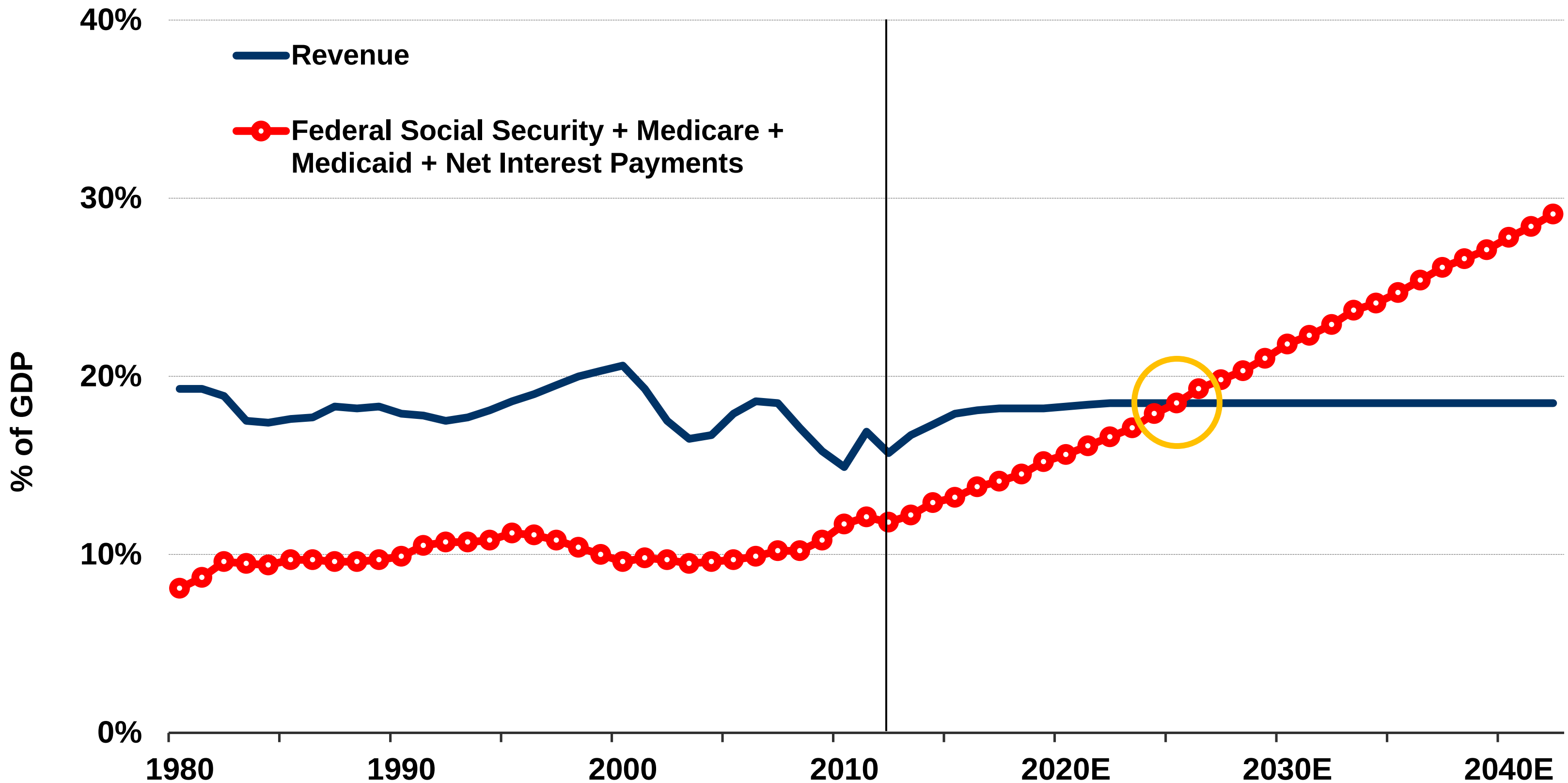
## % of USA Federal Government Spending, 2012




Note: Federal entitlement expenses include Social Security, Medicare and Medicaid.
Source: White House OMB.

# USA Social Security + Medicare + Medicaid + Interest Payments Should Exceed Federal Revenue Within 12 Years, 35 Years Sooner than 1999 Forecast, per CBO

## Federal Social Security + Medicare + Medicaid + Interest Payments vs. Revenue as % of GDP, 1980 – 2042E




Source: Congressional Budget Office (CBO) Long-Term Budget Outlook (6/12). Data in our chart is based on CBO's 'alternative fiscal scenario' forecast, which assumes a continuation of today's underlying fiscal policy. Note that CBO also maintains an 'extended-baseline' scenario, which adheres closely to current law. The alternative fiscal scenario deviates from CBO's baseline because it incorporates some policy changes that are widely expected to occur and that policymakers have regularly made in the past.

# 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.