

Web 2.0

El Público al Mando !

Jimmy Figueroa
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14 Febrero 1998

- [6:05 a.m.] Me levanto temprano para celebrar el Día de San Valentín. Enciendo el televisor para ver noticias mientras me alisto para ir a trabajar: lo mismo de siempre, tragedias, robos, problemas Secuestrado por un sueño en Telenoticias .. Otra vez!!
- [6:15 a.m.] Acabo de ver un comercial con opciones para ir a cenar en la noche; lástima, porque no pude apuntar los números de teléfono para hacer la reservación. Quizá encuentre algún lugar con espacio disponible de todas formas.
- [6:45 a.m.] Voy en el auto escuchando radio y alguien afirma que Einstein era griego, ¡qué tontería! Cómo quisiera que pasaran el comercial de restaurantes a ver si hago alguna reservación para la noche.
- [12:30 p.m.] Nos enviaron unos cupones a la oficina para compras en el supermercado. Los recortaré y los tendré a mano ahora que voy a ir a comprar un regalo para mi novia.

14 Febrero 1998 ...

- [5:23 p.m.] Salgo del trabajo directo al centro comercial. Quiero buscar unos chocolates pero tengo poco tiempo.
- [7:45 p.m.] He recorrido media ciudad con mi novia y no encontramos lugar en ningún restaurante. Además, acabo de descubrir que no le gustan los chocolates.
- [9:33 p.m.] La noche terminó terrible: no pudimos cenar en ningún lugar; el regalo no tuvo el efecto que quería y mi cámara fotográfica se quedó sin rollo.
- [9:50 p.m.] Enciendo mi PC; quiero utilizar mi módem nuevo. Llamo a un sistema local de boletines electrónicos para ver si alguien más está disponible en línea y poder conversar con él por la computadora. Nadie está conectado.

Quiz: Can You Explain ?

- Web 2.0
- Wiki
- Blog
- Flickr
- Youtube
- Technorati
- Diggs
- MySpace
- LinkedIn
- Twitter
- ProBlogger
- TechCrunch
- Facebook
- BoingBoing
- WordPress
- RSS
- Mashup
- SlashDot
- Mashup
- Alexa
- Juice
- Podcast
- Netcraft

Market Value of Top 5 Global Internet Market Leaders = 46% Higher than 3/00 Market Peak Thanks to Google

Google + Yahoo! + eBay + Yahoo! Japan + Amazon.com

- \$ 2B = market value – pre-2000 IPO
- \$178B = market value – Nasdaq peak – 3/10/00
- \$ 32B = market value – Nasdaq trough – 10/9/02
- \$259B = market value – 11/7/06

Source: FactSet and Morgan Stanley Research.

Internet Highlights...

- **Users / Usage** — Yahoo! has base of 418MM+ unique monthly visitors (+19% Y/Y with 24% Y/Y page view growth, CQ3)
- **Customer Acquisition** — Google (500K - 1MM advertisers / vendors, and rising); 30%+ clicks (and rising) on sponsored links - effective targeting should continue to improve + drive rising monetization
- **Commerce / Payments** — PayPal (123MM accounts, +41% Y/Y, CQ3) + Shopping.com has 40MM+ products in 325+ categories

...Internet Highlights...

- **Advertising** — 8% of total US advertising online in 2006E growing to estimated 13%+ within 5 years - Google + Yahoo! = key drivers + beneficiaries
- **Significant targeting / conversion improvements** (related to technology improvements + data leverage) — could bolster annual global revenue per unique user of \$9 for Google (+42% Y/Y) and \$10 for Yahoo! (+29% Y/Y) 2-3x in next 5 years
- **Personalization** — Recommendation engines improve monetization — examples include Amazon.com + Yahoo! Music

...Internet Highlights...

- **Communications / Telephony** — Skype (136MM registered users, +20% Q/Q, CQ3 — may be fastest growing product in history). Based on CQ1 data, Skype traffic = ~7% of global international long distance minutes. Global mobile data services revenue (ex. messaging) has \$10 ARPU (and rising). If Skype were a carrier, global registered user level would rank it #3 behind China Mobile (274MM subscribers) and Vodafone (187MM). IM (instant messaging) + SMS / MMS showing strong growth
- **Video** — ~60% of Internet traffic may be P2P file sharing of unmonetized video — ramp in tagging (for search) + partnerships + monetization — note recent moves by likes of ABC / CBS / FOX / NBA / Sony / Warner / Universal / Google / Yahoo!. Challenges (especially related to copyright and infrastructure stress) are significant, but over time, consumer demand should rule and content creators should benefit

...Internet Highlights

- **Local** — Google 'Long Tail' + eBay Classifieds (19MM+ unique visitors, +140% Y/Y, CQ2) – traction emerging
- **Community / Social Media** — Likes of Wikipedia, MySpace, YouTube, Yahoo! Flickr + Yahoo! Answers have experienced extraordinary growth. CyWorld (Korea) + TenCent (China) monetizing. 57MM blogs – doubling every 7 months, per Technorati. 1B camera-enabled mobiles within 1 year – 'citizen journalism' in infancy
- **Mobile** — While 17% of global Internet users (32% in N. America) have residential broadband, 8% of global mobile phone subscribers use 3G. American Idol - 63MM votes (via mobiles + Internet) in final 4-hour round, China's Super Girl - 12MM votes (primarily mobiles) in final 3-hour round. Mobile data services (bolstered by 2.5G & ex. messaging) revenue ~\$20B, comparable to online advertising revenue — illustrates potential monetization opportunity for broadband Internet!

User-Generated Content (UGC) - Wikipedia + MySpace + YouTube Have Moved to Top of Internet User Pack

Rank	Property	Total Global Unique Visitors (MM)	
		9/06	Y/Y Growth
1	Microsoft	505	5%
2	Yahoo!	481	8
3	Google	467	11
4	eBay	237	4
5	Time Warner	218	20
6	Wikipedia	155	110
7	Amazon	134	9
8	Fox	118	303
9	Ask	113	(0)
10	Adobe	95	5
11	Apple	95	38
12	Lycos	91	(3)
13	CNET	84	(10)
14	YouTube	81	2,662
15	Viacom	66	—

Source: comScore Media Metrix Global Data.

China / India / Russia = Will Likely Continue to Make Impressive TMT Gains

2004			2010E		
Rank	Country	Relative Weighting	Rank	Country	Relative Weighting
1	USA	9.0	1	China	8.7
2	China	8.2	2	USA	7.7
3	Japan	6.5	3	India	7.0
4	Germany	5.7	4	Japan	5.9
5	United Kingdom	5.5	5	Germany	5.3
6	India	5.3	6	United Kingdom	5.2
7	France	5.2	7	Russia	5.2
8	Italy	5.2	8	France	5.1
9	South Korea	5.1	9	Brazil	5.1
10	Canada	5.1	10	South Korea	5.0

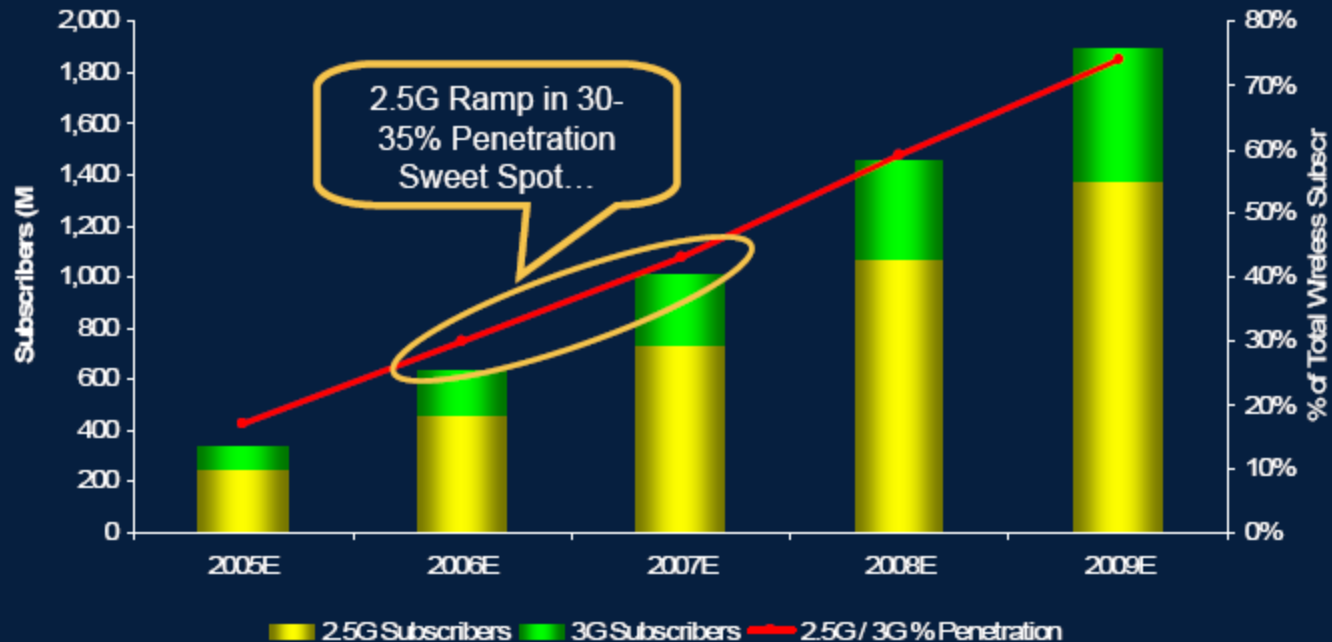
From our database on market sizing of global TMT (Technology, Media & Telecommunications) products and services. We measure market sizes and growth rates for core TMT metrics: nominal GDP per capita (current USD); telephone lines; cable subscribers; installed PCs; mobile phones in use; Internet users and credit/debit cards in use. For each economy, we calculate past / present / potential global market weightings across seven TMT metrics - we call this our relative weighting and we use it to measure / rank a country's propensity for TMT products and services. We do this for the 50 most important economies based on purchasing power/economic strength, as measured in terms of population size, land mass and GDP per capita. We standardized each country's position in the global market in each category and adjusted the values to reflect a positive scale. The relative ratings and ranks were determined by calculating an average of z-scores across categories. For example, in the United States, standardized and adjusted values of 6.4 in GDP per capita, 8.4 in telephone lines, 11.3 in installed PCs, 7.6 in mobile subscribers, 8.9 in cable subscribers, 10.7 in Internet users, and 9.6 in credit/debit cards produces a relative weighting of 9.0. 2010E relative weightings derived by assuming 2003-2004 growth CAGR for each category to 2010, and ensuring category penetrations were not exceeded.

Source: Morgan Stanley Research.

Red indicates countries moving out of the top 10 TMT countries; green indicates countries moving into the top 10. GDP figures from IMF, shown in constant USD

Mobile – Entering Adoption Sweet Spot – Key to Differentiate 2.5 vs. 3G

Global 2.5G / 3G Penetration



Note: 2.5G can be compared to 'narrowband' Internet access, while 3G can be compared to 'broadband / lite' Internet access.

Source: Morgan Stanley Telecom Research Scott Coleman, John Marchetti.

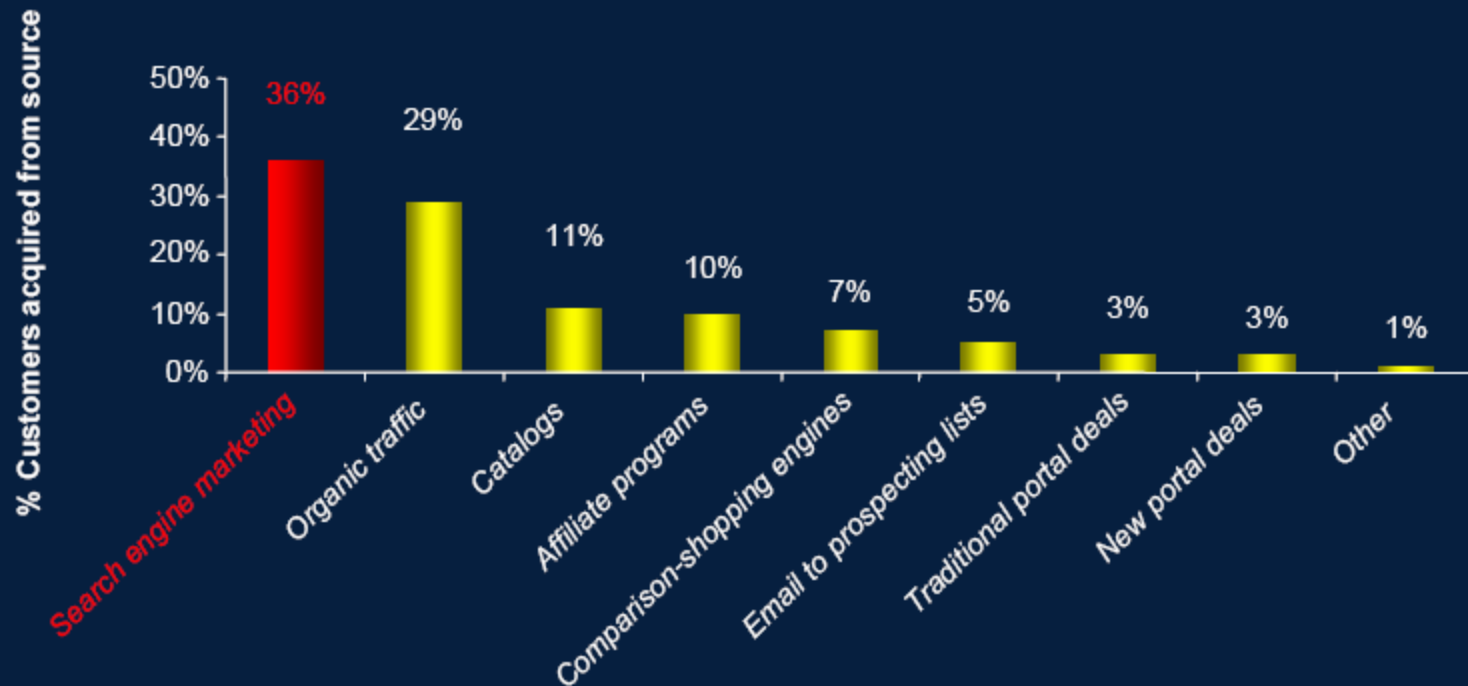
U.S. Internet Advertising – Search Has Been Growth Engine (Largely Related to Text) – Video Next?

(US\$ in MM, except where noted)		CAGR	
	2001E	2006E	'01E-06E
Search Advertising	\$285	\$6,681	88%
% of Total	4%	42%	
Display and Sponsorship	\$4,423	\$4,108	(1)
% of Total	62%	26%	
Rich Media	\$357	\$1,123	26
% of Total	5%	7%	
Classifieds	\$1,141	\$2,587	18
% of Total	16%	16%	
E-mail and Other	\$927	\$1,498	10
% of Total	13%	9%	
Total U.S. Internet Spending	\$7,134	\$15,998	18
U.S. Internet Users (MM)	141	205	8
U.S. Internet Households (MM)	51	73	8
U.S. Internet Spending per Internet Household	\$140	\$218	9

Source: Internet Advertising Bureau and Morgan Stanley Research estimates.

67% of Global Internet Users Use Search Search = Top Customer Acquisition Tool for Online Retailers

% of New Online Customers for Online Retailers / Marketing Spend Mix (2005)



Note: 8% of global Internet traffic was derived from search while 67% of global Internet users used search in 1H2006, per comScore.

Source: The State of Retailing Online 2006, Forrester Research.

Internet Ad Spend = Movin' on Up - \$217 Per Home vs. \$980 for Newspapers?

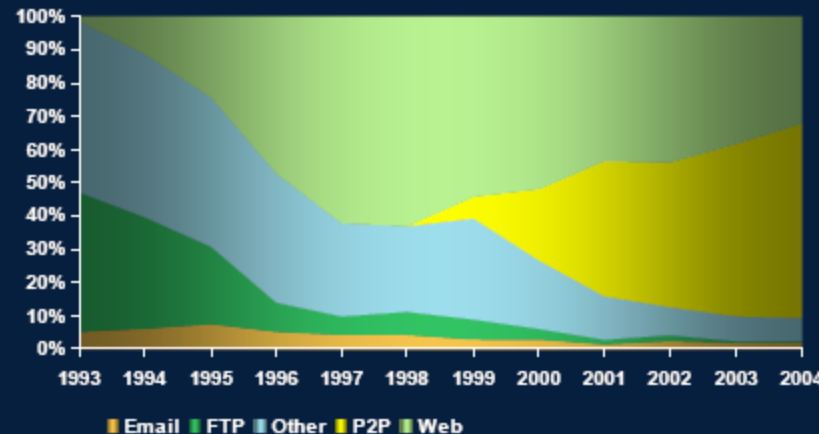
Medium	2005 Advertising Spending (\$B)	Households (MM)	Ad Spending / Household (\$)
Promotions	\$106	99	\$1,071
Newspapers	49	50	980
Classifieds	17	55	309
Direct Telephone	97	99	980
Direct Mail	57	99	576
Broadcast TV	45	99	455
Radio	20	60	333
Cable TV	19	70	271
Internet / Online	13 ↑	60 ↑	217 ↑
Yellow Pages	16	99	162
Outdoor	6	99	61
Total	\$428	834	\$5,106
Average	43	83	511

Morgan Stanley Research, PricewaterhouseCoopers, IAB, Jupiter Research, McCann-Erickson, RAB; Newspapers include Classifieds. Promotions (\$106B) include: incentives (\$28B), promotional products (\$23B), point-of-purchase (\$18B), specialty printing (\$8B), coupons (\$7B), premiums (\$7B), promotional licensing (\$6B), promotional fulfillment (\$5B), product sampling (\$2B), and in-store marketing (\$2B). Households may use multiple advertising mediums.

Rapid P2P Growth (Mostly Video) is Stressing Internet + Is Undermonetized

- Peer-to-Peer (P2P) traffic was 60% (and rising) of Internet traffic in 2004, with BitTorrent accounting for 30% of traffic, per CacheLogic
- “P2P affects Quality of Service (QoS) for ALL subscribers” (1)

Internet Protocol Trends (1)



(1) Source: CacheLogic "P2P in 2005," (9/05).

Online Video Momentum – Building and Building...

1. 10/05 – Disney / ABC and Apple to offer episodes of popular shows like *Lost* and *Desperate Housewives* available ad-free via iTunes for \$1.99 apiece
2. 10/05 – 1MM+ videos, priced at \$1.99 each, downloaded from Apple's iTunes site in less than 20 days
3. 11/05 – Comcast / CBS and DirectTV / NBC to offer on-demand TV shows for \$0.99
4. 11/05 – Cisco to acquire Scientific Atlanta for \$7B to prepare for demands of online video; expecting network traffic increases of 4-6x annually, instead of 2x gains seen in US and Europe, driven by video consumption requirements
5. 11/05 – Time Warner to stream episodes for free (supported by 2-minute blocks of 15-30-second commercials) in Jan 2006. Initial run limited to 30 series (*Wonder Woman*, *Growing Pains*, *Kung Fu*...) but TWX plans to expand to 100+ series and 300+ episodes per month
6. 11/05 – *NBC Nightly News* to air its entire broadcast on the Internet – *NBC Nightly News Netcast with Brian Williams* will be available for free beginning at 10PM EST
7. 12/05 – NBA to digitize 60+ years of footage and post on NBA.com, beginning in 2006, with a searchable database that will include players involved and exact locations on court
8. 12/05 – CBS will offer NCAA basketball March Madness games for free in 2006, on streaming ad-supported basis
9. 12/05 – CBS offers free streaming video of 2 comedy programs *Two and a Half Men* and *How I Met Your Mother* on Yahoo! during the week of 12/27
10. 12/05 – AOL / Google to collaborate to showcase AOL's premium video service within Google Video

...Online Video Momentum – Building and Building

11. 1/06 – Google to offer for-pay video over Internet from likes of CBS and NBA
12. 1/06 – DirectTV / FOX to offer on-demand TV shows for \$0.99 and pre-air shows for \$2.99
13. 3/06 – Cingular to offer on-demand video service for 3G mobile phones for \$20 a month
14. 4/06 – Disney to offer many TV shows for free anytime on the web
15. 5/06 – Italy to get mobile TV in time for World Cup. Service offered by Mediaset and Europa TV
16. 6/06 – Yahoo Video hosts video uploads and allows users to search videos on other sites
17. 7/06 – A&E's History Channel UK makes appearance on audio / video search engine Blinkx
18. 7/06 – Amazon to open online movie store
19. 7/06 – Warner Bros. Entertainment to sell studio shows on iTunes
20. 8/06 – AOL opens video portal
21. 8/06 – Google and Viacom sign video distribution deal
22. 9/06 – Amazon launches Amazon Unbox, offering downloadable movies and TV shows
23. 9/06 – Apple to offer downloadable movies from Miramax and Walt Disney via iTunes at prices of \$9.99 - \$14.99
24. 10/06 – Microsoft to use Blinkx technology to power the video search on its MSN Internet sites and Live.com
25. 10/06 – CBS and YouTube strike strategic content and advertising partnership
26. 10/06 – Google to acquire YouTube for \$1.65B in stock
27. 10/06 – AOL and Brightcove launch distribution service for selling digital video downloads

Watch Where Global Younger Generation Goes

Ringtone Downloads, Connecting Mobiles to Net



Social Networking



Video



Web OS Programs

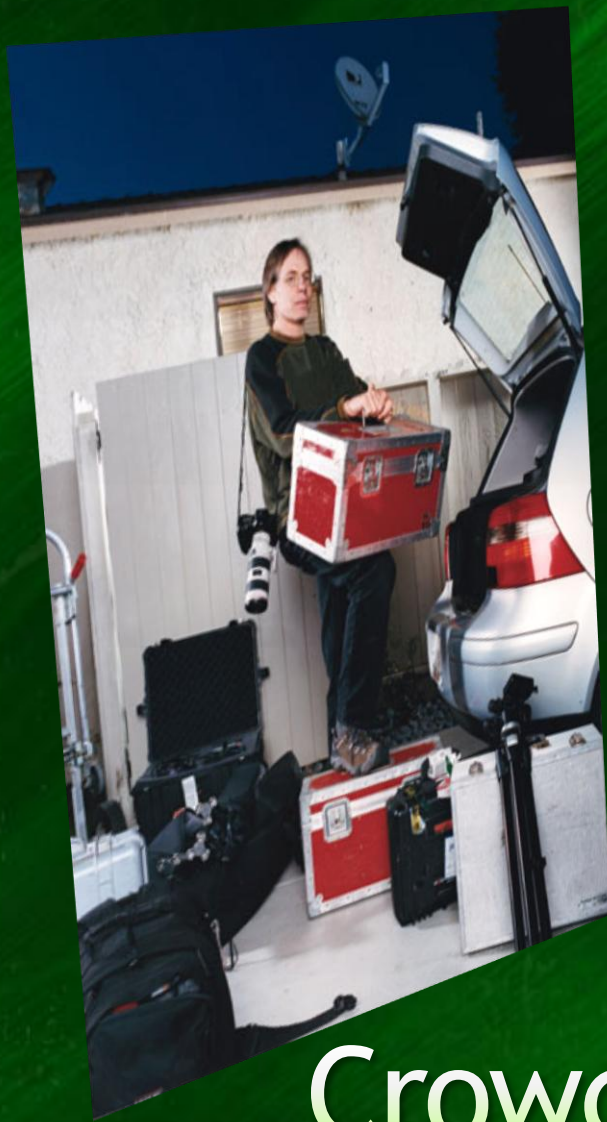


In-Game Advertising



Morgan Stanley

Meet ...

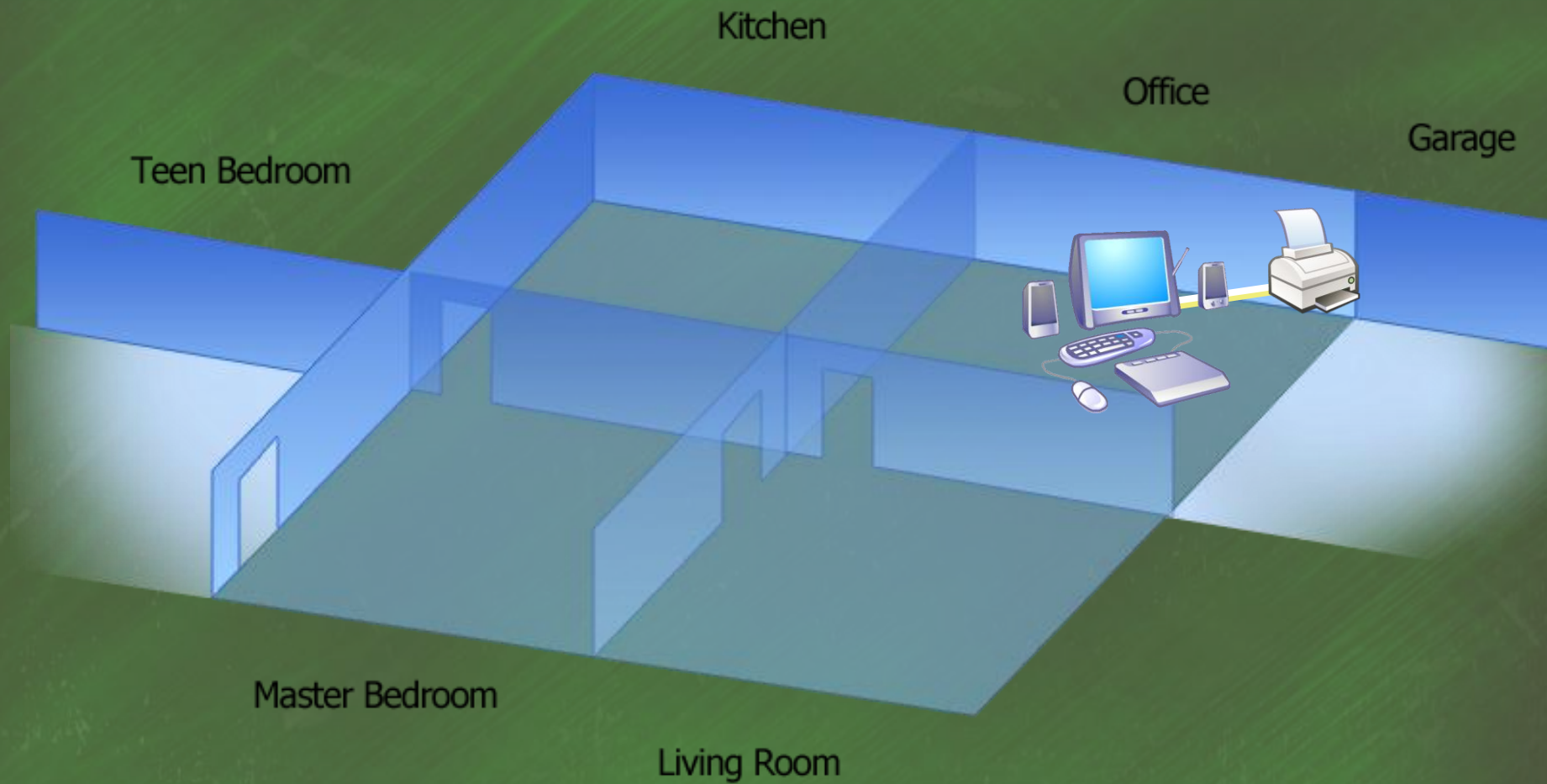


Crowdsourcing

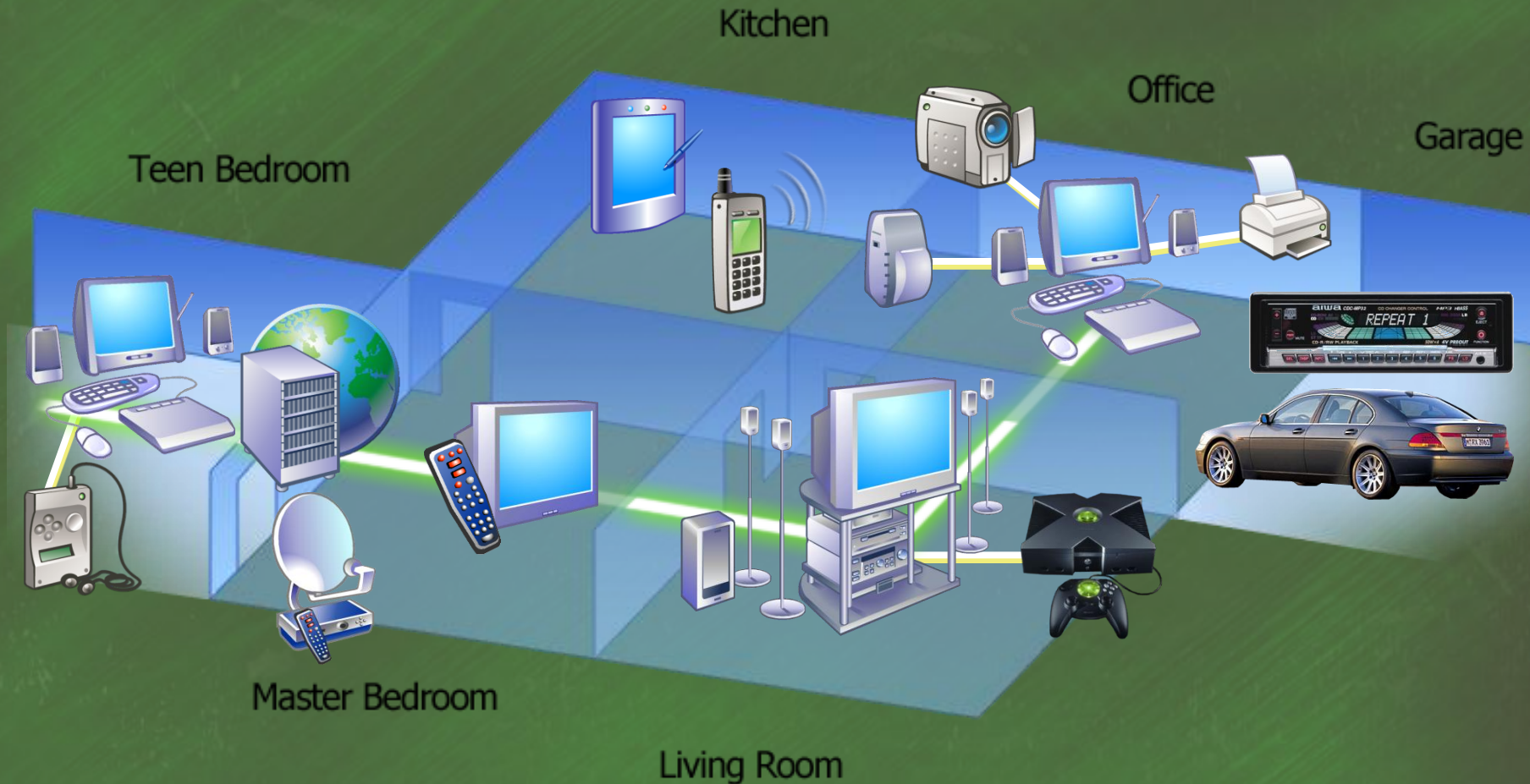
Second Life



1990s



Welcome to The Digital Decade



Internet Today



What People Do Online in CR ?

- 14 Noticias Deportivas
- 16 RACSA
- 20 BCR
- 21 Aldia
- 24 Universidad de Costa Rica
- 26 Navegalo
- 29 TiaZelmira
- 30 Banco Nacional de Costa Rica
- 34 CRAutos
- 35 TicoRacers
- 39 Teletica (Canal7)
- 40 Banco BAC San Jose
- 47 Registro Nacional
- 52 Costarricense - email
- 62 Instituto Costarricense Electricidad
- 64 Empleo
- 68 Clasificados
- 72 Supereconomicos
- 75 Mundomotorizado
- 86 Instituto Tecnologico de Costa Rica
- 91 Ministerio de Educacion

What People Do Online in CCA

- Press & Media
- Telco
- Higher Education
- Government Services
- Banking
- Employment
- Webmail
- Classified Ads
- Humor
- Social Networks
- Social News & Content
- Explicit Content
- Sports Content
- Music Content
- Video Content

Blogs (web-logs)

- Welcome to the 1st day of the rest of your life

- Categories:

- Personal
- Professional
- Corporative

- Who is Who?

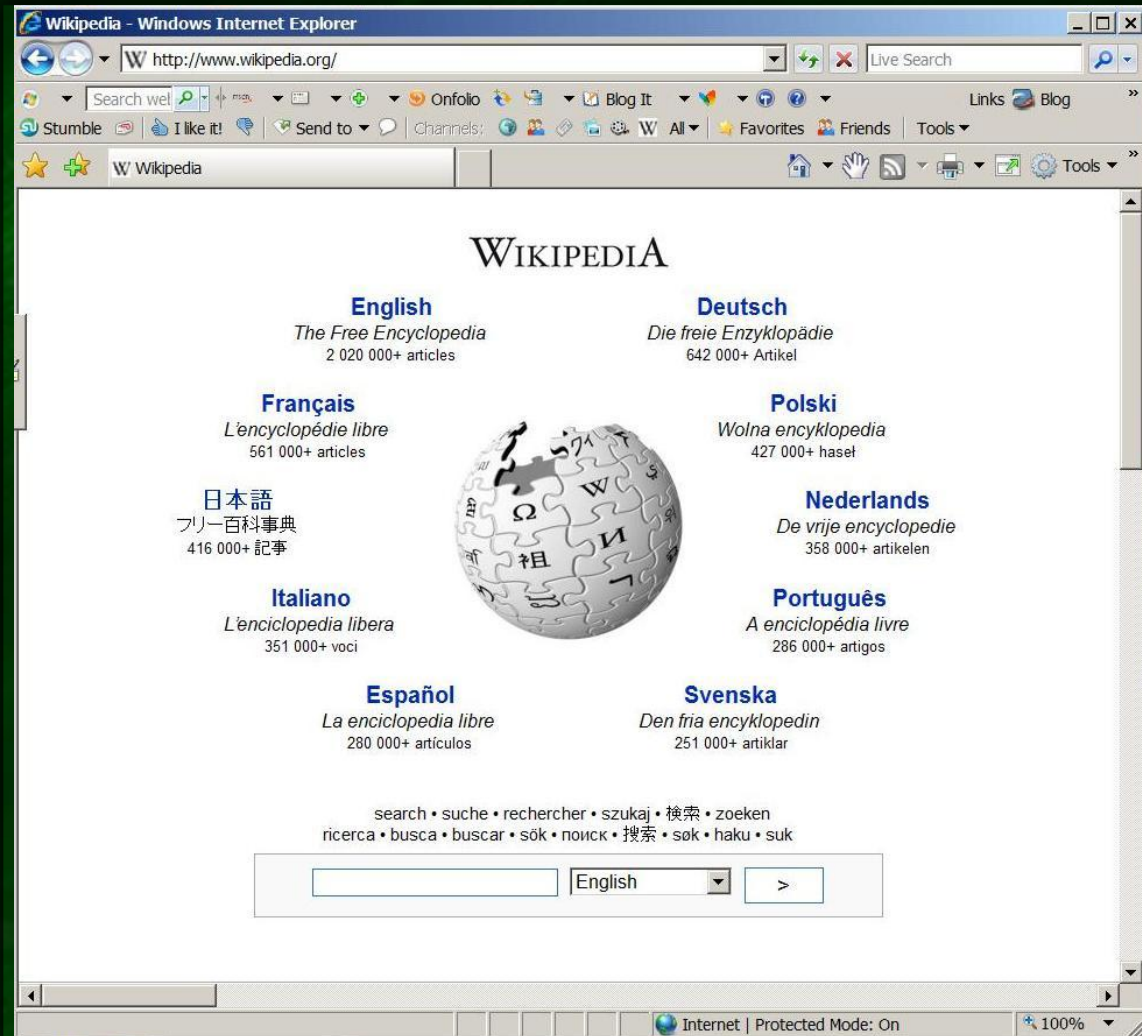
- Technorati
- ProBlogger
- TechCrunch
- Boing Boing

- Public Platforms

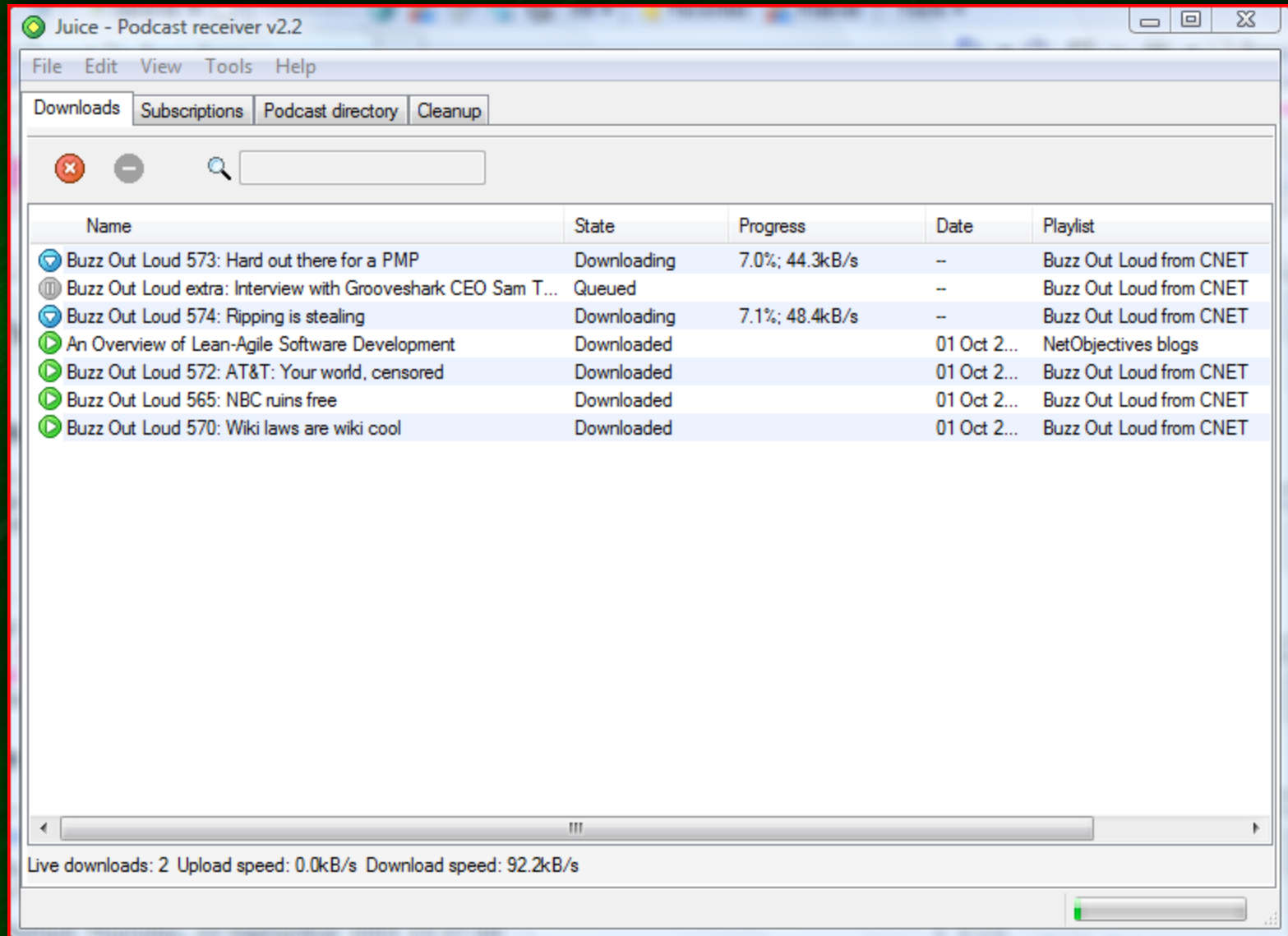
- Live Spaces
- Blogger
- Vox
- WordPress
- LiveJournal



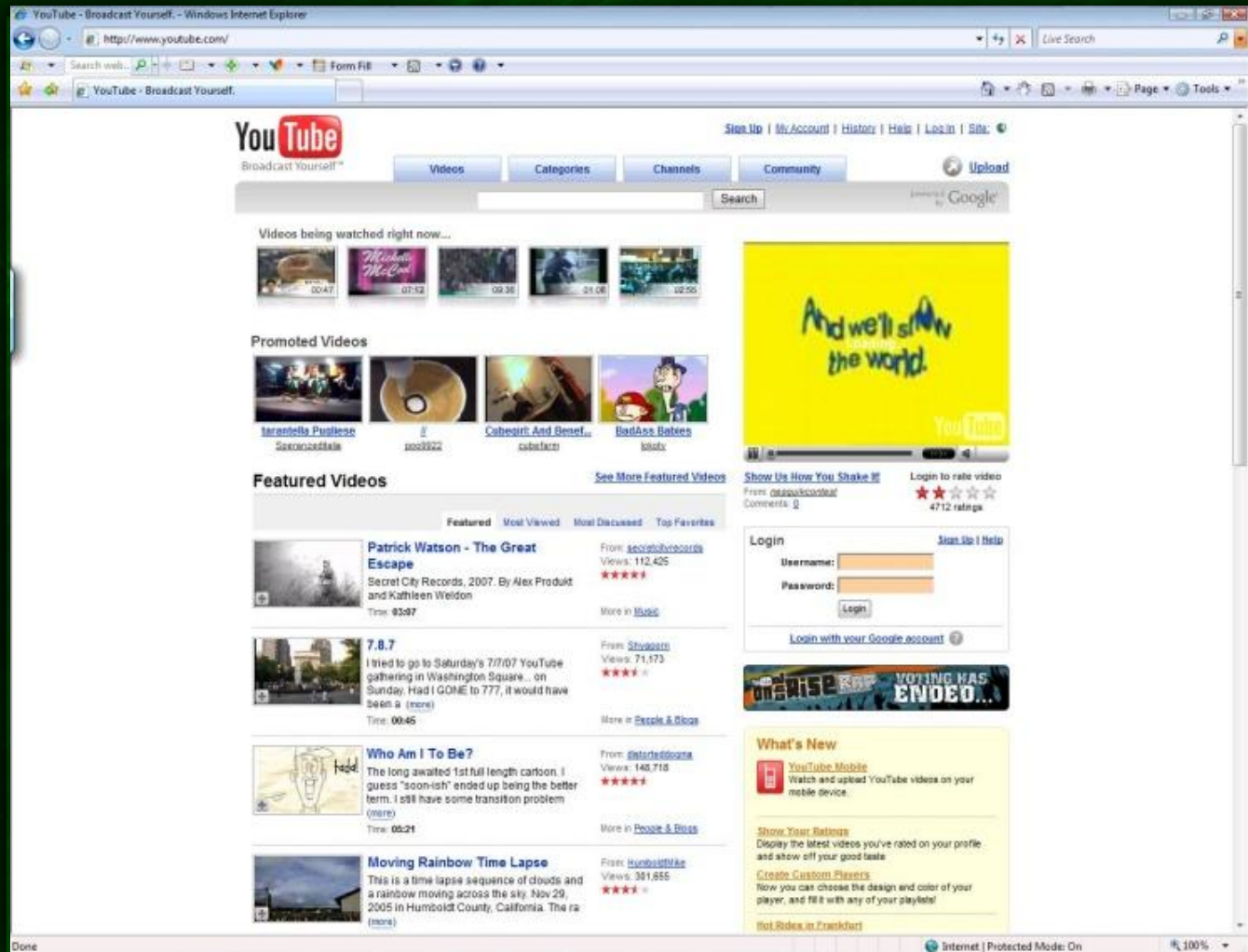
Wiki



PodCasting (iPod Broadcasting)



User-Created-Content



User-Created-Content



Tagging



Social Networks

- MySpace
- Hi5
- Facebook
- LinkedIn
- Zeadz



Mashups

- Popfly
- Live Portal
- Windows Sidebar



Next Web Generation

?????

```
MAINFRAME SYSTEM
Type a slash next to each video you wish to return, then press Enter.
Customer phone number: . . . 4470757
Name and address: . . . GUNTER
                        1270 E. AVENUE RD.
                        SUITE 100
                        CA 94085

Video #  Title                                     Media Type  Date Out
-----  -
1  20010402 THE GODFATHER                           DVD          06/18/2004
2  20010701 HOME WITH THE WIND                       DVD          06/18/2004
3  20010801 HOME LIKE IT HOT                         DVD          06/18/2004

#04015_2320cancel  2/10/1  2/10/1
```

Mainframe



Client-Server

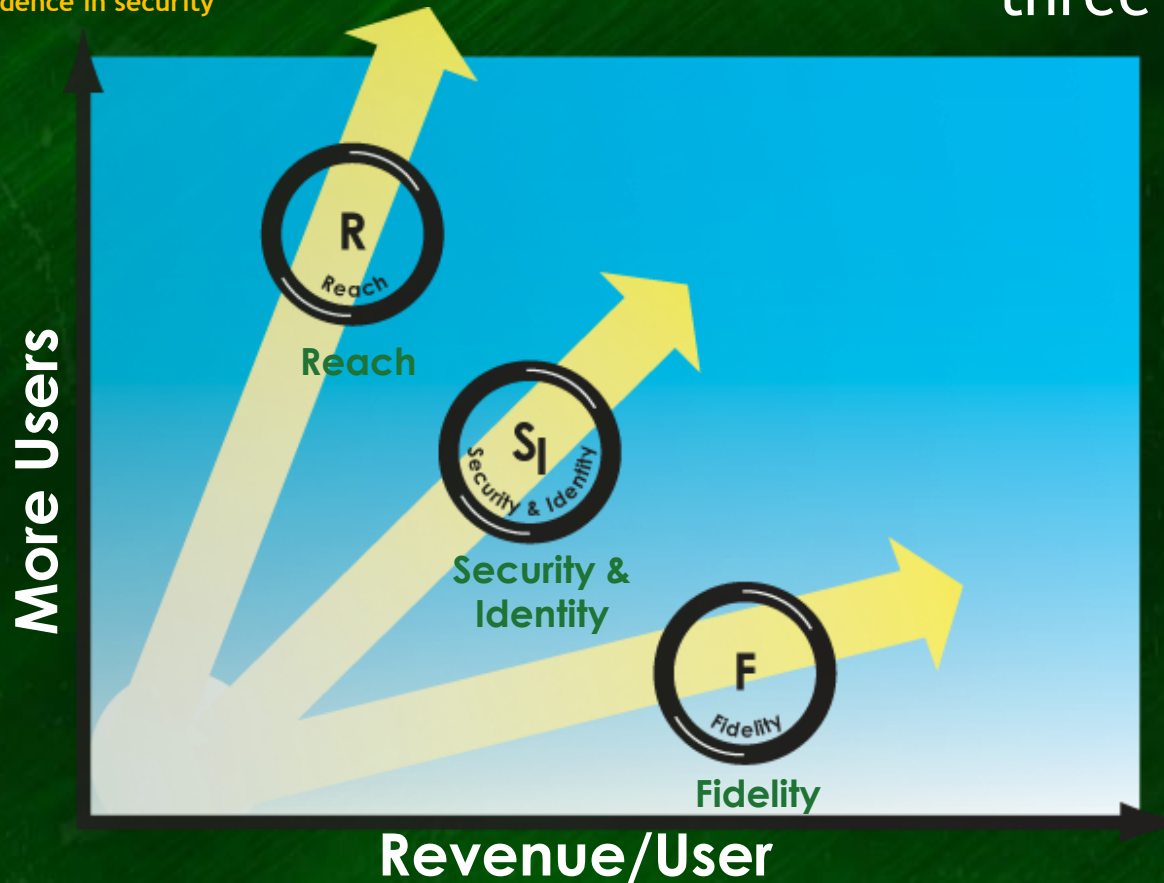


Web

STILL A LONG WAY TO GO

more devices
better differentiation
more confidence in security

The experience must continue to improve along three vectors

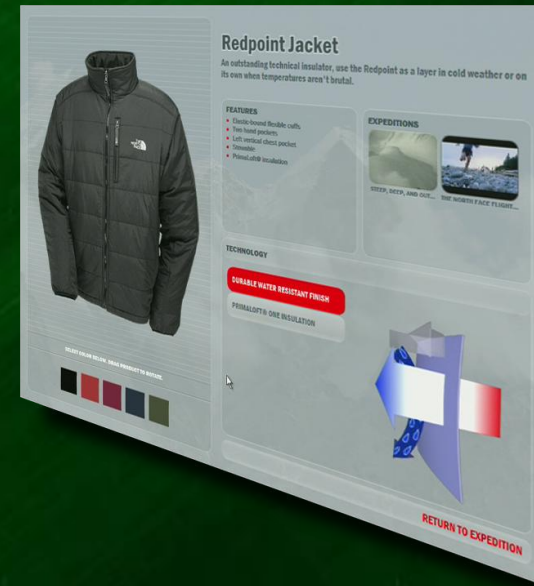


richer ads
up sell to rich content
ease-of-use
better personalization
more time spent on site
additional purchases

JANSPORT



- Better navigation and UI
 - They don't call it "the web" for nothing!
- Better branding and differentiation
 - Increasing ad revenues
- Better personalization and customization
- True Media integration
 - New monetization opportunities



case study

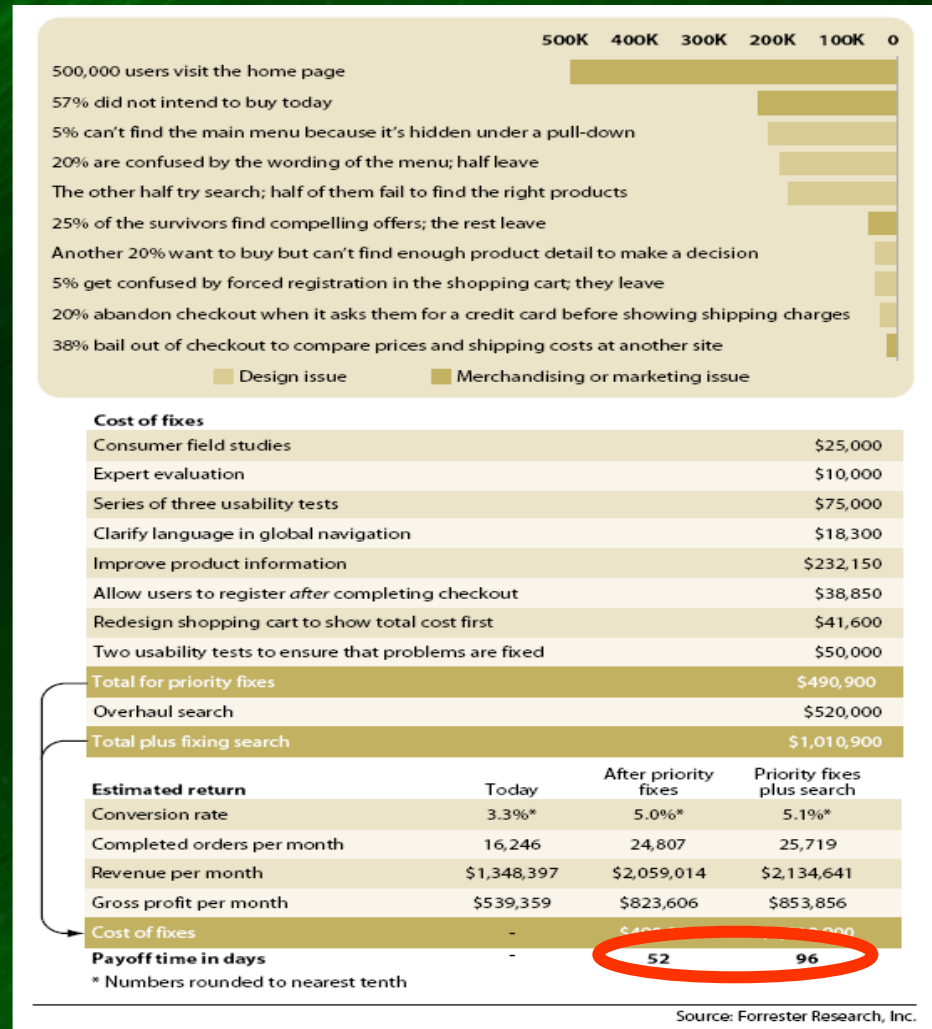


= +40%
sales

HI-FI UX RETURNS REAL ROI



User Experience ROI analysis for a typical apparel e-tailer



PRESENTATION ROADMAP



Better user experience leads to increased revenues

WPF

- the “Media Web”
- unprecedented branding, differentiation and personalization

Atlas (“AJAX”)

- improved responsiveness and ease-of-use
- Improved customization

HTML + JavaScript

- improved navigation
- user tracking and customization

HTML

- greatest reach

Improved UX

revenue/user

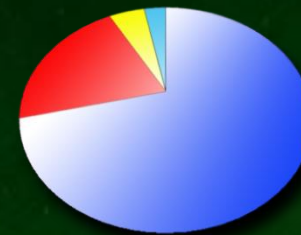
ease-of-use, personalization, differentiation, richness

THE NEW LIFESTYLE IS DIGITAL

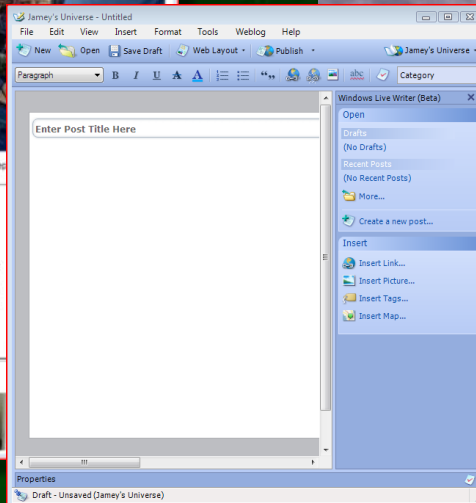


- Windows Media Center
- Pull your content and services into the living room
- Easy to leverage existing infrastructure and assets to deliver a living room experience

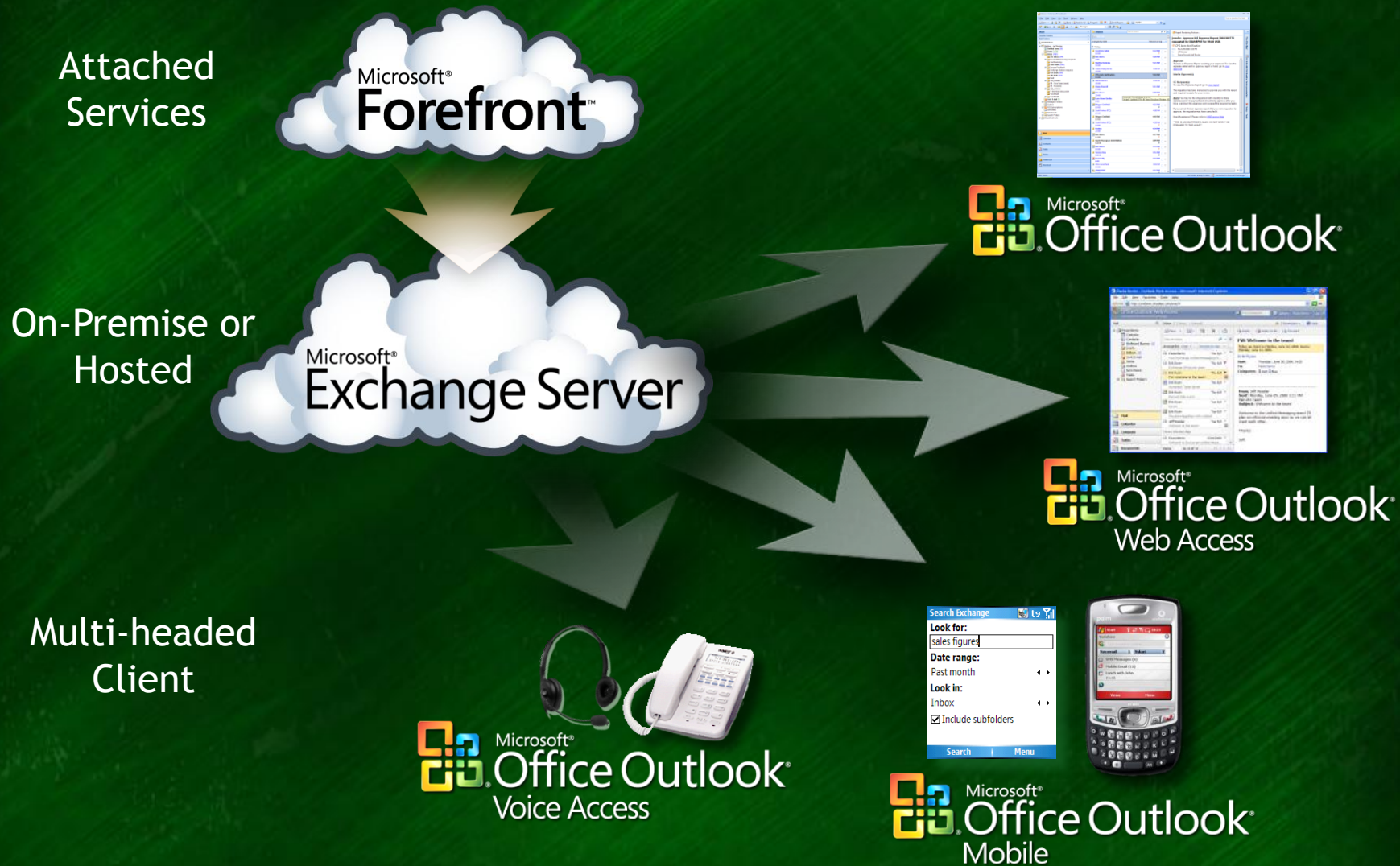
MCE Customer Satisfaction



Very Satisfied - 71%
Satisfied - 22%



Exchange Example



Next Web Generation



SOFTWARE



SERVICES

- **Experience:** Consistent across multiple clients
- **Deployment:** On-premise and hosted
- **Development:** Extending tools and platform to cloud
- **Business Models:** Expanded monetization opps

Service Classes

Building Block



Windows Live™
Platform



Microsoft®
Silverlight™
Streaming

Microsoft®
BizTalk®
Services

Virtual Earth™

Attached

Microsoft®
Managed Services

XBOX LIVE®

Microsoft®
Forefront™
Security for Exchange Server

Microsoft®
Exchange
Hosted Services



Windows Live
OneCare™

Finished



Windows Live™



Microsoft®
Office Live



Microsoft Dynamics
Live CRM

Software+Services Assets

Desktop



Windows Vista™



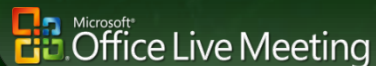
Enterprise



Microsoft®
Managed Services

Microsoft®
Forefront®
Security for Exchange Server

Microsoft®
Exchange
Hosted Services

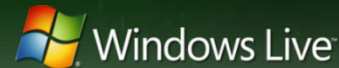


Services



XBOX LIVE

Virtual Earth™



Devices



Platform and Tools

Microsoft®
BizTalk®
Services

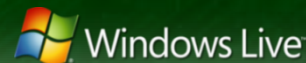
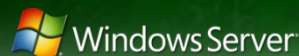
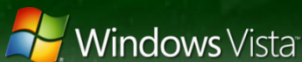


Microsoft®
Silverlight®

Microsoft®
.net

Microsoft®
Popfly®

Microsoft®
Expression®



Microsoft® **adCenter**

Going Forward

- Embrace Web 2.0
- Embrace the S+S approach
- Re-Think your IT Infrastructure

14 Febrero 2008 ...

- [6:05 a.m.] Me levanto temprano para celebrar el Día de San Valentín. Sincronizo mi Zune con mi PC para conocer los últimos episodios de mis podcasts y video-blogs. Los veo en mi televisor al mismo tiempo que me alisto; así puedo conocer todas las ofertas y las noticias que me interesan hoy.
- [6:15 a.m.] Veo en mi celular que uno de mis blogs favoritos contiene una recopilación de todos los restaurantes con mesas disponibles para hoy en la noche. Además, puedo ver en un gadget el mapa de Live Maps con las direcciones de cada lugar. Desde mi celular hago las reservaciones en mi restaurante italiano favorito.
- [6:45 a.m.] En el automóvil escucho mi podcast con el deseo de aprender italiano y me preparo con algunas frases que pronunciaré por la noche. Luego selecciono mi podcast sobre vinos y pongo atención a las recomendaciones para una noche como hoy. Al finalizar escucho mi podcast sobre noticias tecnológicas, donde alguien afirma que Einstein era australiano, pero ¡qué tontería! Inmediatamente me conecto al sitio wiki del podcast y publico un pequeño video que grabo con mi celular, donde hablo sobre la verdadera nacionalidad de Einstein.

14 Febrero 2008 ...

- [12:30 p.m.] Un amigo en Facebook me compartió cupones de descuento para una nueva tienda en línea. Visito el perfil de mi novia y veo su lista de música favorita. Escojo un par de álbumes musicales que no todavía no ha comprado, así como un audiobook que todas sus amigas tienen y del que no pueden dejar de hablar, pero que ella no posee aún. También me doy cuenta de que ella está en el Messenger, así que confirmo si puedo pasar a recogerla a las 7 p.m. Reviso en un instante su perfil de Twitter y veo que se torció un tobillo durante la mañana, por lo que incluyo en mi compra en línea una tobillera.
- [4:30 p.m.] Me llega el pedido a la oficina. La tobillera se ven bien, creo que dejaré un buen comentario en el blog del fabricante.
- [7:15 p.m.] Llegamos al restaurante y nos dieron la mesa que escogí en el sitio web de este negocio. Mi italiano parece salir natural gracias a mis horas semanales de práctica en mi auto.

14 Febrero 2008 ...

- [10:33 p.m.] La noche terminó espectacular; el vino que escogimos estuvo según mis expectativas y tomé miles de fotos, con mi celular, de esta inolvidable celebración. Ya las puse todas en mi perfil y como quedaron tan bien creo que hasta las venda en iStockPhoto. Asimismo, veo en Twitter que mi novia ya está oyendo el audiobook; incluso en Wikipedia han editado la página sobre el autor para corregir algunos detalles. También veo que ya descargó los álbumes que le regalé y ha dejado buenos comentarios en la tienda en línea.
- [10:45 p.m.] Todos mis amigos están en línea y quieren hablar conmigo para saber cómo me fue hoy. Creo que escribiré un último comentario en mi blog y dejaré que todos lo lean. Así puedo ir a descansar ya.