What Matters Next

Chris Fralic, Partner at First Round Capital
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Hi, my name is Chris…

I’ve been some places…

I’ve learned some things…

And now I’m here…
Our mission:
To build the best community of entrepreneurs and deliver the best venture product to help them win
Some of FRC’s Online Ad Investments
• Looking back before we look forward....
1975

Popular Electronics

How to "Read" FM Tuner Specifications

Project Breakthrough!

World's First Minicomputer Kit to Rival Commercial Models...

"Altair 8800"

Save Over $1000

Also in this issue:

- An Under-$90 Scientific Calculator Project
- CCD's-TV Camera Tube Successor?
- Thyristor-Controlled Photoflashers

Test Reports:

Bill Gates

[Signature]
Information Management: A Proposal

Tim Berners-Lee, CERN
March 1989, May 1990

This proposal concerns the management of general information about accelerators and experiments at CERN. It discusses the problems of loss of information about complex evolving systems and derives a solution based on a distributed hypertext system.

Overview

Many of the discussions of the future at CERN and the LHC era end with the question - "Yes, but how will we ever keep
20 Years of Online Advertising

Annual revenue 2004-2013 ($ billions)

- Non-Mobile
- Mobile

10 year 18% CAGR
$12 Billion Quarter

Source: IAB/PwC Internet Ad Revenue Report, 2013
3 THINGS THAT MATTER

• Plus one bonus thing that might matter
1) Mobile, Mobile, Mobile, Mobile
How The U.S. Smartphone Market Became A Two-Horse Race

Smartphone market share in the United States, by operating system

- Palm
- Symbian
- Microsoft
- BlackBerry
- iOS
- Android

Year:
- Dec 2005
- Dec 2006
- Dec 2007
- Dec 2008
- Dec 2009
- Dec 2010
- Dec 2011
- Dec 2012
- Dec 2013

Source: comScore
Apps Continue to Dominate the Mobile Web

Percentage of time spent

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile Web</th>
<th>Apps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>86%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Flurry Analytics
Mobile is the only media time that is growing

U.S. Consumer Media Consumption Share

BI INTELLIGENCE

Source: eMarketer, August 2013
Why is 2014 Mobile like 1994 Web?

- It’s pre-Pagerank
- It’s pre-Netscape
- There’s no equivalent of a URL
Mobile Platforms have Advantages

• Facebook – over 1 billion mobile MAU’s; 53% of revenue is mobile

• Google – 79% global handset market share

• Apple – $15 Billion dollars paid to developers

• Twitter – 184M mobile MAU’s; 75% of revenue is mobile
2) Online and Offline Converging

• Physical and Digital
Have You Ever Interacted With A Beacon?  YOU WILL
For those of you who are blissfully unaware of the many ways in which retailers are keeping tabs on your shopping habits, note that many stores are starting to use something called "beacon technology," a system of Bluetooth-powered devices that can exchange information with shoppers' smartphones. Beacon technology enables
Beacons – big deal?

• Yes – local, pinpoint, indoor location accuracy

• Already built into 200M+ iPhones

• Is this the cookie for the physical world?

• Does it enable retargeting in the physical world?
3) Content and Marketing Blurring

• What is a Native Ad?

• What’s an ad on social?

• In the future, will you ever post content and not pay to promote it?

• Two great examples from our portfolio...
Adaptly Go >

Twitter Marketing Platform Partner >
Facebook SPMD >

THE EASIEST WAY TO ADVERTISE ACROSS THE SOCIAL WEB
Meet Percolate: Your New Content Marketing Platform
4) Bonus: A Thing that Might Matter

• The future of RTB/Programmatic is the past of the Stock Market