

Global Trends in Social Networking: Traffic, Regions, and Monetization

Presented by:

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Social Networks – Some of the Largest Web Sites in the World

Of the top web sites on the web today (in terms of traffic), 7 of them are social networks that didn't exist just 5 years ago!

Friendster is the:

- 8th largest Web site in the world
- 3rd largest online social network

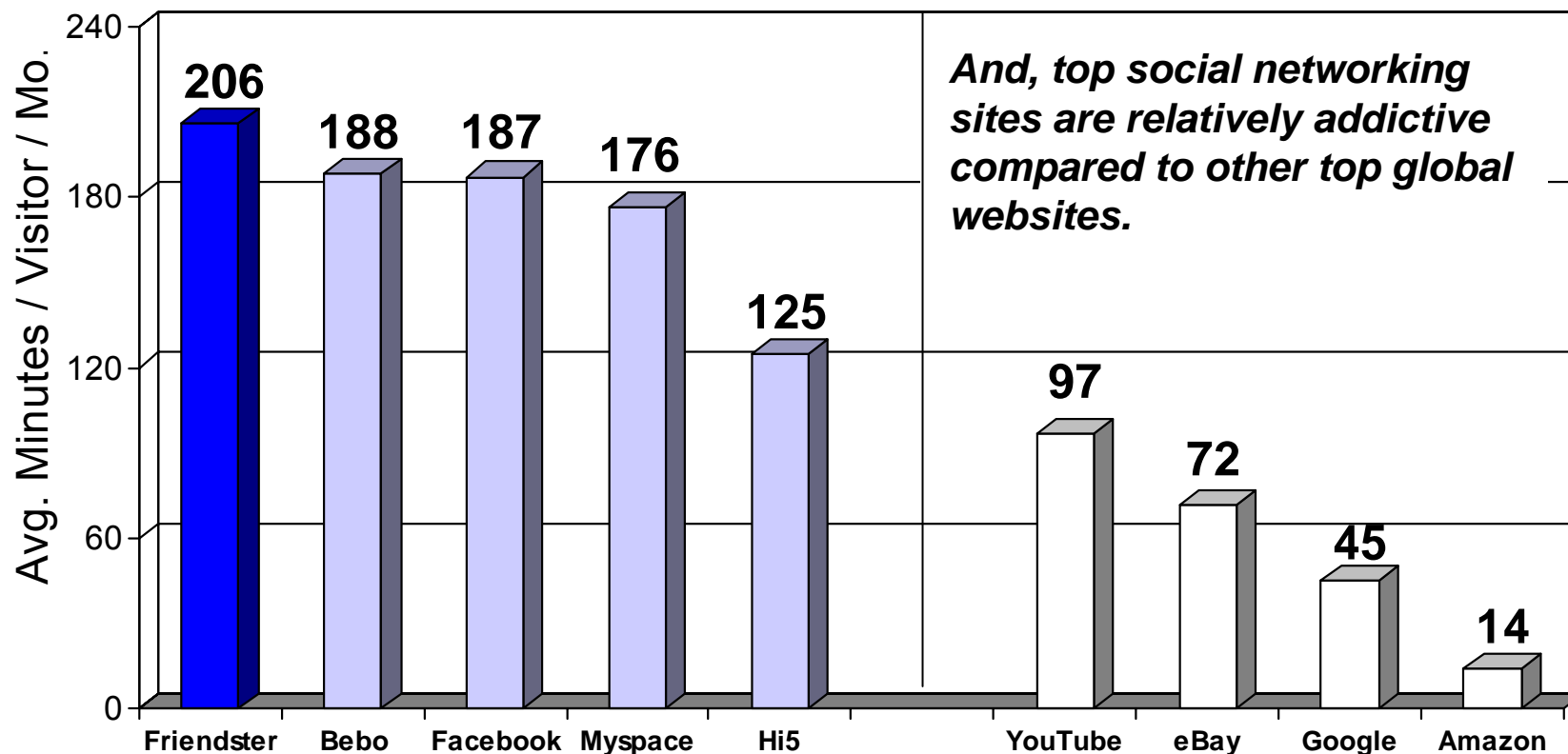
Largest Websites in the World

Total Pages Viewed (Millions)	Feb 2008
<i>Total Internet; Total Audience</i>	1,951,904
1. Google Sites	169,587
2. Yahoo! Sites	96,011
3. Microsoft Sites	74,584
4. Fox Interactive Media	45,517
5. FACEBOOK.COM	39,681
6. eBay	27,568
7. AOL LLC	19,204
8. FRIENDSTER	16,096
9. TENCENT Inc.	15,818
10. CyWorld	13,550
11. NHN Corporation	13,528
12. HI5.COM	13,102
13. VKONTAKTE.RU	10,432
14. BEBO.COM	10,273
15. Baidu.com Inc.	8,361
16. Lycos Sites	7,888
17. Skyrock Network	7,662
18. Groupe Hi-Media	7,389
19. Craigslist, Inc.	6,951
20. NASZA-KLASA.PL	6,246

comScore Media Metrix worldwide data, February 2008

SNs Have The Highest User Engagement, Outside IM, Email

Friendster is the leader in User Engagement with the average visitor spending 3 1/2 hours on Friendster per month.



Source: comScore Media Metrix, worldwide data, February 2008

Why a Simple Concept Resonated (and Why It Took So Long)

- Internet connects people globally, instantaneously

But social networks thrive on asynchronous communication

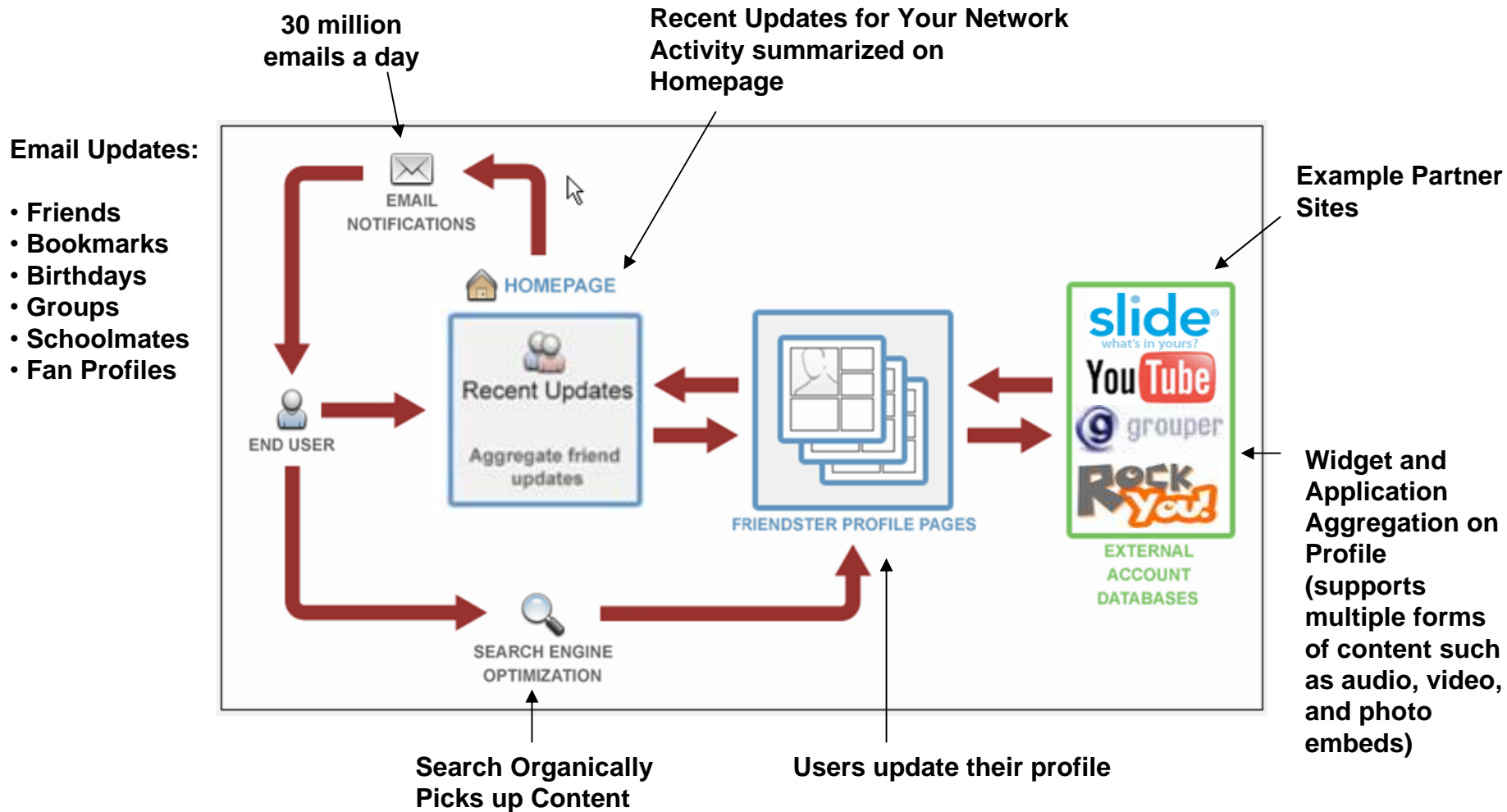
- Internet allows perfect anonymity

But on social networks, millions of people reveal their identities and allow their friends to keep them honest

- Internet connected machines, then pages, then buyers and sellers

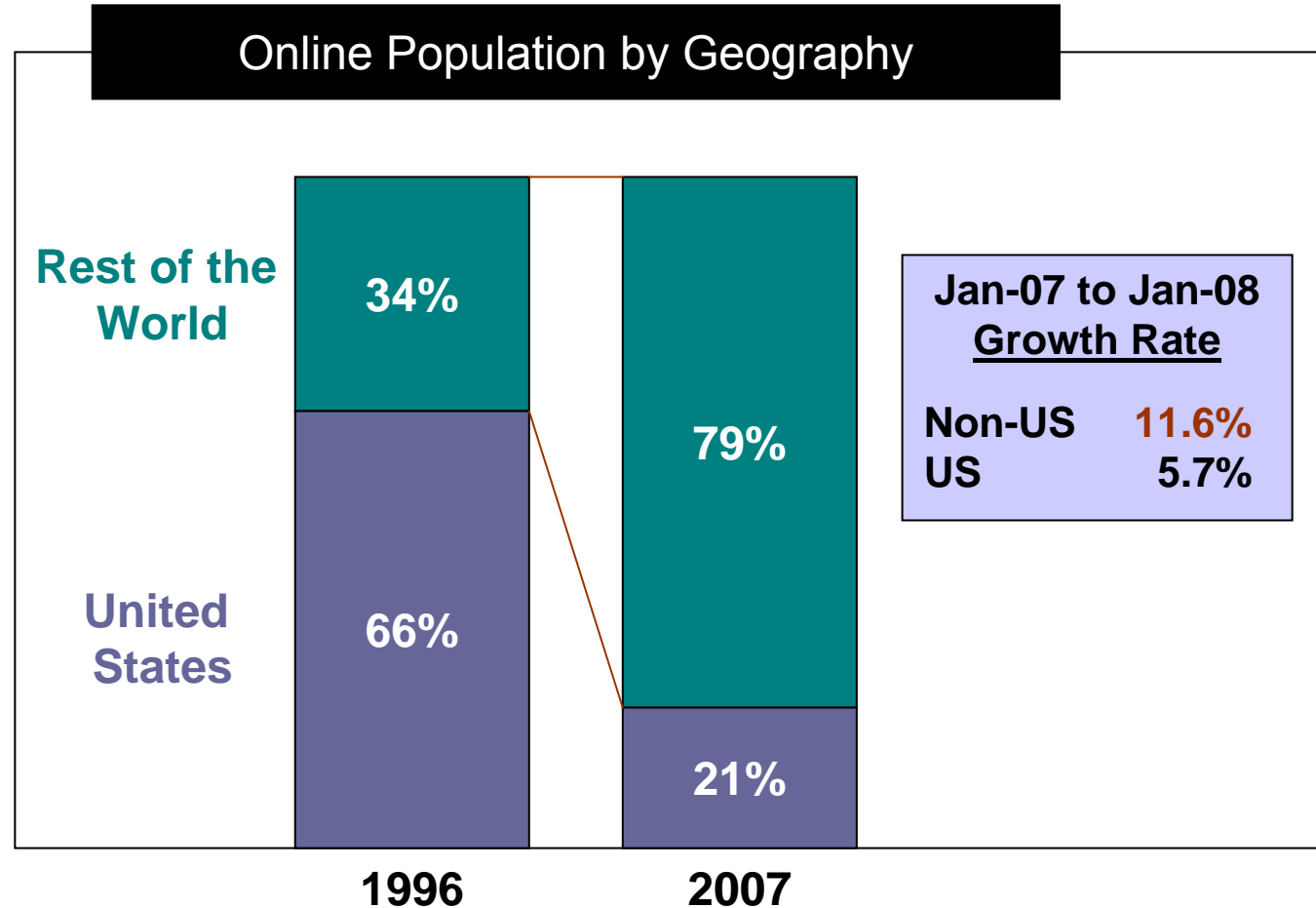
But forgot to connect people

Why a Simple Concept Resonated (and Why It Took So Long)



Worldwide Internet Population Growing Faster Overseas

- In 1996, 66% of the Internet population was inside the US
- Today, 79% is outside the US

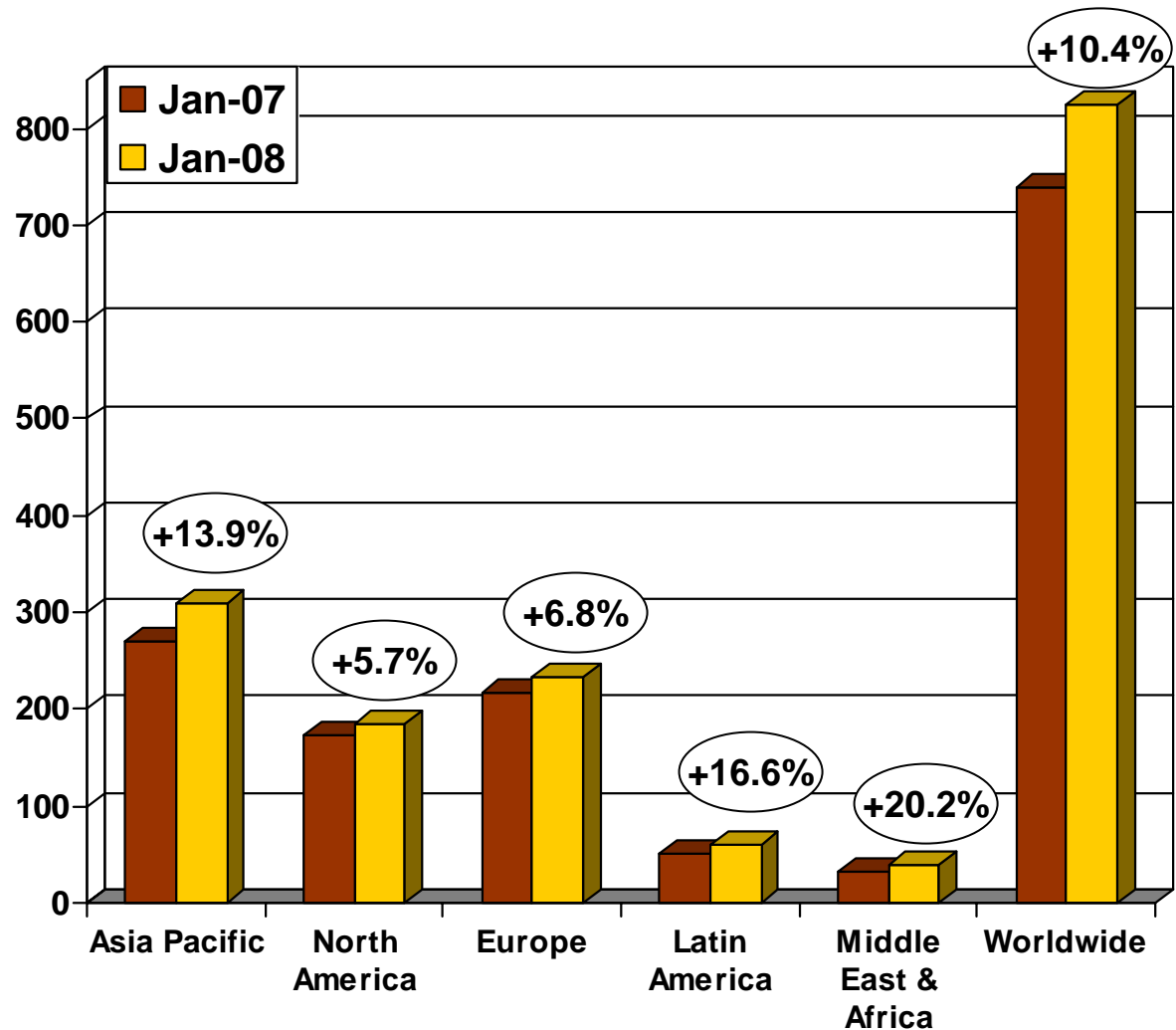


Source: comScore Media Metrix, worldwide data, January 2008

Faster Growth in Emerging Countries

- Current growth is being driven by the Asia Pacific region, with a 13.9% increase on a very large base
- 4 out of every 10 users will be in Asia Pacific by 2010

Online Population by Region (millions)



Asia-Centric Friendster is Growing the Fastest of Any of the Top Social Networks

Worldwide Monthly Unique Visitors – Top Social Networking Sites

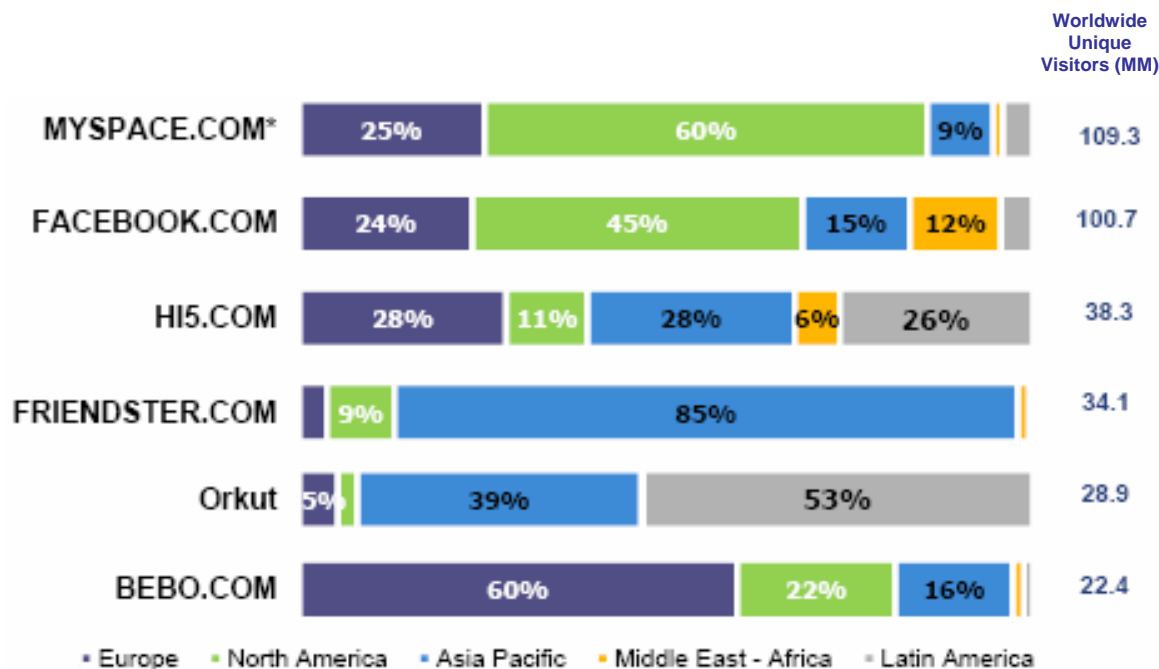
Unique Visitors (Millions)	NOV 2007	DEC 2007	JAN 2008	FEB 2008	MoM	QoQ
Total Internet	810.8	815.8	824.4	822.9	0%	1%
MYSPACE	104.5	107.2	109.3	107.7	-1%	3%
FACEBOOK	92.8	97.8	100.7	100.3	0%	8%
HI5	31.1	31.4	38.3	39.3	2%	27%
FRIENDSTER	28.4	29.7	34.1	37.1	9%	31%
ORKUT	25.0	25.1	26.9	27.3	1%	9%
BEBO	20.1	21.3	22.4	22.9	2%	14%

comScore Media Metrix worldwide data, February 2008

- **Friendster grew the most in percentage terms:**
 - 9% in February
 - 31% in the last quarter
- **Friendster grew the most in absolute terms:**
 - 3.0 million “uniques” in February
 - 8.7 million “uniques” in the last quarter

Social Networking – Leadership Varies by Geography

Global Distribution of Visitors to Top SNSs



- MySpace and Facebook's primary audience still in North America and the UK
- Hi5 is big in central/south America, non-western Europe, and a few Asian countries
- Friendster leads across Asia, especially southeast Asia
- 77% of Orkut's users come from Brazil or India
- Bebo's audience is primarily from the UK/Ireland, but still second to Facebook

Source: comScore Media Metrix, worldwide data, January 2008

SNS User Bases Generally Don't Overlap

Percent Overlap – Worldwide Monthly Unique Visitors – January 2008 ¹							
SNS	Visitors (millions)	MySpace	Facebook	Hi5	Friendster	Orkut	Bebo
MySpace	109.7	–	31%	7%	5%	1%	9%
Facebook	101.7	34%	–	9%	6%	3%	9%
Hi5	38.5	21%	23%	–	6%	4%	5%
Friendster	34.1	16%	16%	6%	–	1%	4%
Orkut	26.9	5%	10%	6%	1%	–	1%
Bebo	22.5	43%	39%	9%	6%	1%	–

- There is only minor overlap in visitors to these top SNSs – typically only 1% to 23% overlap – with just 2 notable exceptions:
 - Exception – MySpace and Facebook competing in NA and the UK
 - Exception – Bebo was #1 in UK, and is in a fierce battle having falling to 3rd place in western Europe

¹ comScore Media Metrix, worldwide data, January 2008

Accelerating Growth: A Day on One Social Network

- >80,000 registrations per day
- >6 million friend requests per day
- >30 million emails delivered per day to users (opted-in)
- >4.5 million photos uploaded per day
- >1/2 million apps added per day
- >375 million page views per day
- > 3 million visits from mobile phones per day

- 1. Turning SNSs into a Media Platform**
- 2. Further Opening of Platforms via Developer Programs**
- 3. Social Networks as Portals**
- 4. Advertising is Evolving**
- 5. Race is on for Monetization**
- 6. Mobile is a natural, but large SNSs have the advantage**

Growth Drivers: Fan Profiles – Media Platform

- MySpace – Bands
- Bebo – Kate Modern
- Friendster – Fan Profiles
- Hi-5 – Music, Video
- Facebook, Orkut

Why Have the Global SNSs Opened Via Developer Programs?

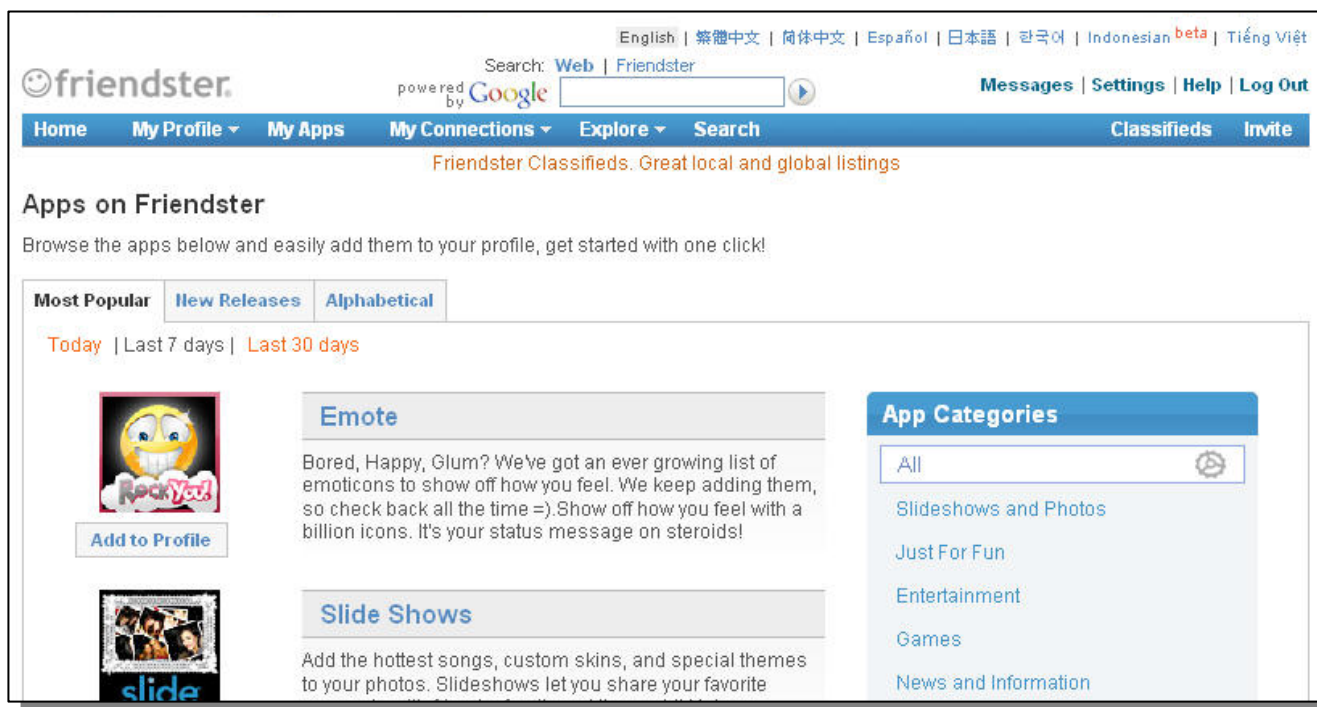
- **Outsourced Feature Development**
 - Thousands of developers (mostly companies) building thousands of new features
 - Users decide what they like (users pick the winners, not the SNS)
 - Significant leverage
- **Vehicle for Pursuing Business Development Opportunities**
 - Before, BD required product integration, a deal, a pilot, and more
 - Companies can reach users via the developer program to demonstrate traction of their app
- **Infrastructure makes internal project/features easier too**

Why Hasn't Everyone Done it?

- **It's not easy**
- **It's not easy to do well (with performance, scalability and reliability)**
- **Standards like OpenSocial will help**

Developer Programs: Friendster Developer Program

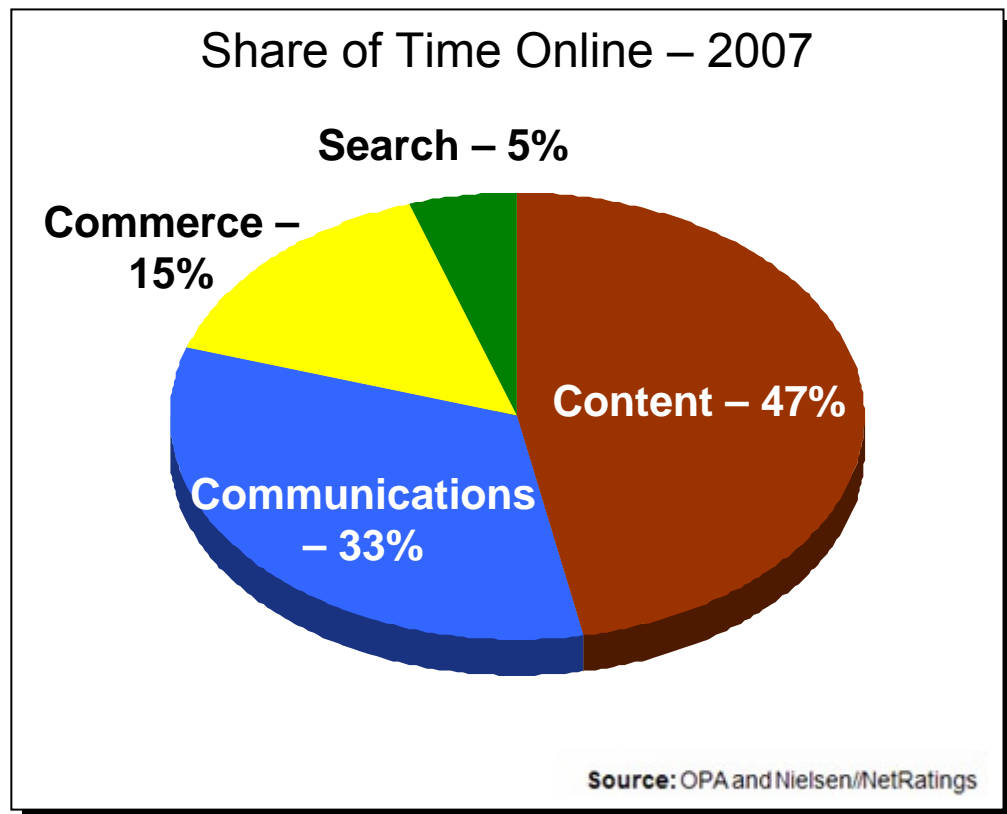
- Approaching 10 million unique users adding apps (almost 30% of our monthly unique visitors)
- 500,000 to 1 million apps being added by users each day
- Users are installing multiple apps each
- ~300 apps – or new features – in the directory today



The screenshot displays the Friendster website interface. At the top, there is a navigation bar with the Friendster logo, a search bar powered by Google, and links for Messages, Settings, Help, and Log Out. Below the navigation bar, there is a section titled 'Apps on Friendster' with a sub-header 'Browse the apps below and easily add them to your profile, get started with one click!'. The main content area features a grid of app listings. The first listing is for 'Emote', which includes a thumbnail of a yellow smiley face and a description: 'Bored, Happy, Glum? We've got an ever growing list of emoticons to show off how you feel. We keep adding them, so check back all the time =). Show off how you feel with a billion icons. It's your status message on steroids!'. Below the description is an 'Add to Profile' button. The second listing is for 'Slide Shows', which includes a thumbnail of a photo collage and a description: 'Add the hottest songs, custom skins, and special themes to your photos. Slideshows let you share your favorite'. To the right of the app listings is a sidebar titled 'App Categories' with a dropdown menu set to 'All' and a list of categories: Slideshows and Photos, Just For Fun, Entertainment, Games, and News and Information.

Social Networks Could Be the New Portals

Integrating portal services like Instant Messaging (IM) and email, personalized start page with non-user generated content, and video generate stickiness and even greater engagement from users.



Social Networks are adding:

- Apps and MyStartPage for non-user generated content like News, Weather and Sports
- Most have video channels and content
- IM and group chat features
- Messaging on SNSs is localized form of email

Easier to add “portal services” to an existing social network than building a social network

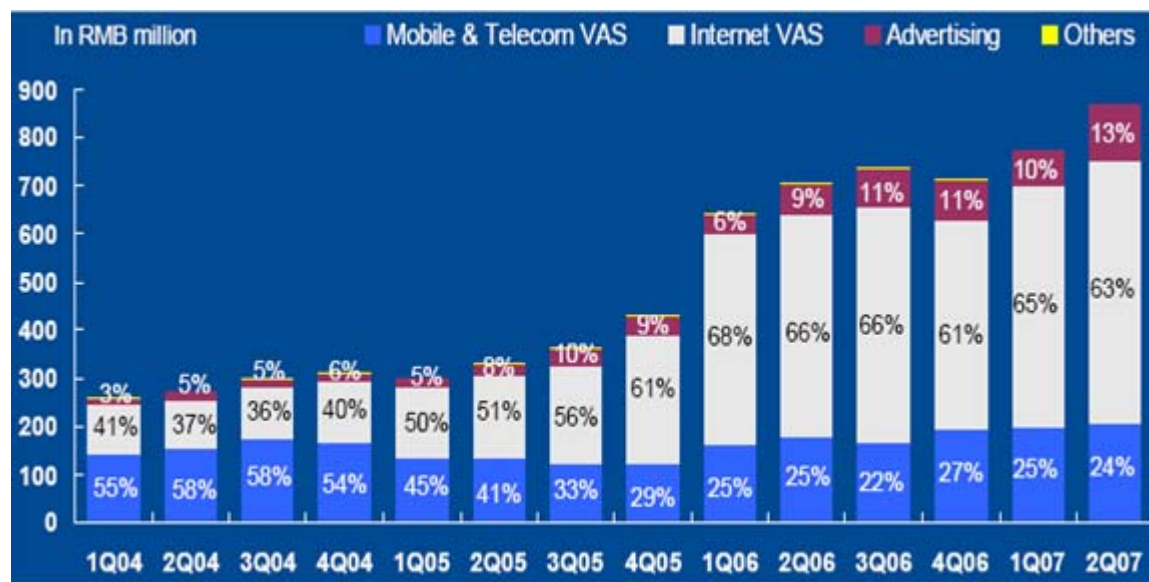
Advertising Evolution on Social Networks – Going Beyond the Ad Unit

- Turn 1 impression into hundreds of conversations
- Leverage friends that influence purchase transactions
- Make a direct 1-on-1 brand connection with users
- Create a 2-way conversation
- Turn impressions into viewers that become advocates!
- Be part of the user experience and foster social interaction
- Establish connections that are not fleeting, but lasting
- Gain free word of mouth advertising!

Monetization on Social Networks

Next phase is Monetization of Social Networks

- High engagement
- New emerging markets
- Proven revenue models
 - Mobile
 - Virtual goods (like QQ in China)



Mobile Growth and Revenue

- Mobile social networking will be big
 - We've heard this for quite some time
 - It will eventually come true
- Still haven't seen a solution go mainstream
- Many (too many?) startups targeting this
- Today's top social networks have the advantage due to their existing massive scale
- The good news? People are used to paying for things on a mobile phone

Getting it Wrong

2003

- **Social Networking is a fad**

5 years later....

2005

- **Social networks won't be big**

5 years later....

2007

- **MySpace won... it's over**

See 2008

2008

- **Facebook won... it's over**

See 2009

2008

- **Social Networks can't make money**

Stay tuned . . .