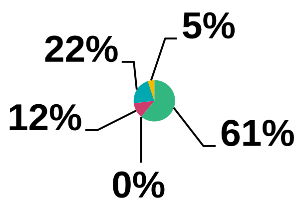
INTERNET TRENDS –
TWO-THIRDS OF A GENERATION IN…
TWO-THIRDS OF NEXT GENERATION OUT…

Internet Users – 1995 → 2014...
<1% to 39% Population Penetration Globally

1995

35MM+ Internet Users

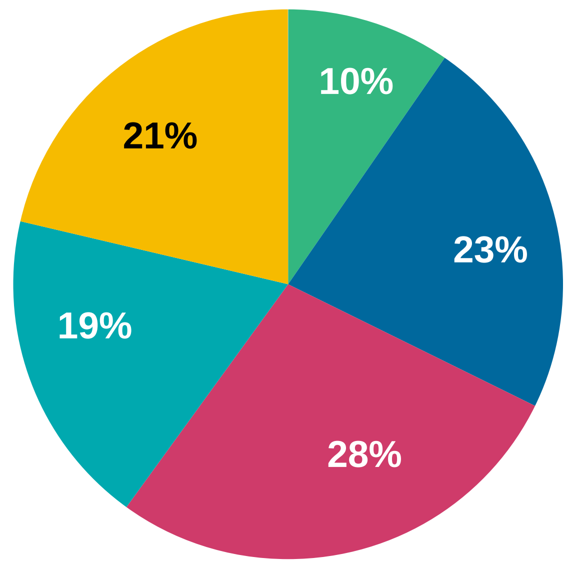
0.6% Population Penetration



2014

2.8B Internet Users

39% Population Penetration

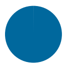


■ USA ■ China ■ Asia (ex. China) ■ Europe ■ Rest of World

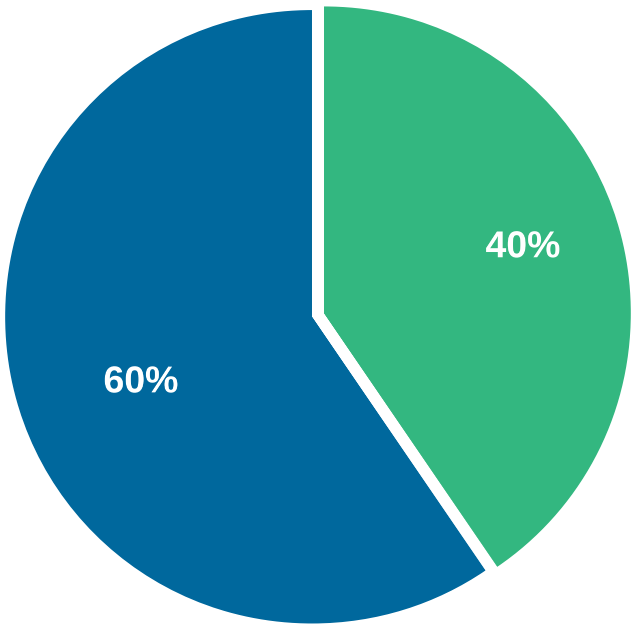
Source: Euromonitor, ITU, US Census.

Mobile Phone Users – 1995 → 2014…
1% to 73% Population Penetration Globally

<u>1995</u>
80MM+ Mobile Phone Users
1% Population Penetration



<u>2014</u>
5.2B Mobile Phone Users
73% Population Penetration

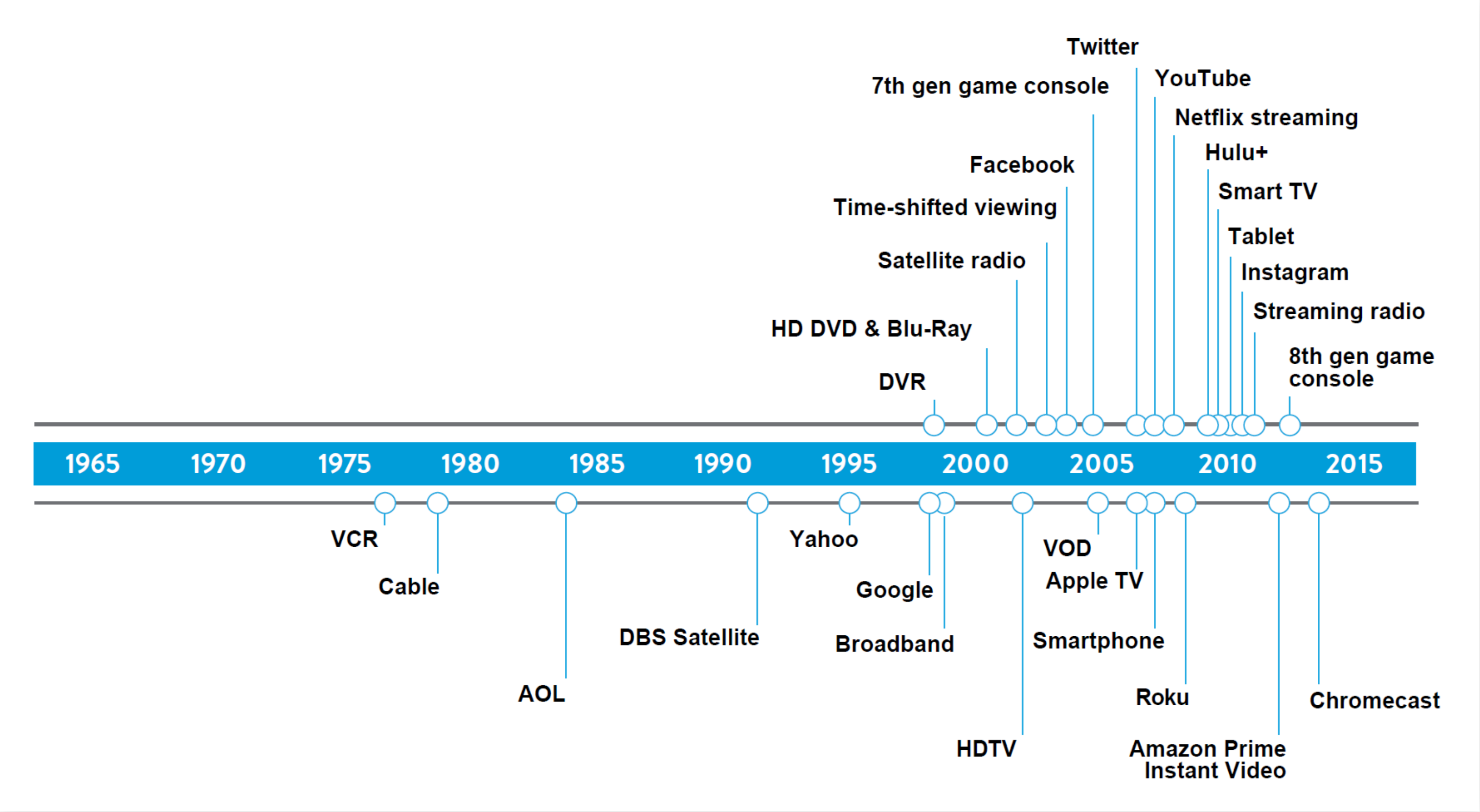


Smartphone **Feature Phone**

Source: Informa, World Cellular Information Service (WCIS). Assumes in 1995, one mobile phone subscription per unique user (no duplication).
Note: In 2014, user base per KPCB estimates based on Morgan Stanley Research and ITU data. Smartphone users & mobile phone users represent unique individuals owning mobile devices; mobile subscribers based on number of connections & may therefore overstate number of mobile users.

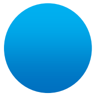
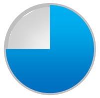
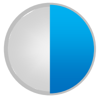
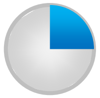
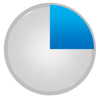
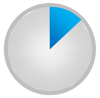
User Control of Content Up Significantly – 1995 → 2015

Evolution of Content Discovery, 1975 – 2015, per Nielsen



Source: Nielson, 12/14.

Impact of Internet Has Been Extraordinary & Broad... But – in Many Ways – It's Just Beginning

Sector of Economy / Society, USA	Internet Impact, to Date
Consumer	
Business	
Security / Safety / Warfare	
Education	
Healthcare	
Government / Regulation / Policy Thinking	

Note: Harvey Balls estimate degree to which Internet has changed behavior / outcomes in selected sectors of economy / society, 4/15.

KEY INTERNET TRENDS

Global Internet User + Smartphone Subscription Growth = Good, But Growth Rate Continues to Slow*

- **Internet User Growth = Solid, But Slowing**

  @ 2.8B, +8% in 2014 vs. +10% in 2013, +11% in 2012

  Net New User Additions = ~Flat @ ~200MM in 2014 / 2013 / 2012

  China Users = +7%, USA = +2%, India = +33%, Japan = Flat, Brazil = +4%

- **Smartphone Subscription Growth = Strong, But Slowing**

  @ 2.1B, +23% in 2014 vs. +27% in 2013, +65% in 2012

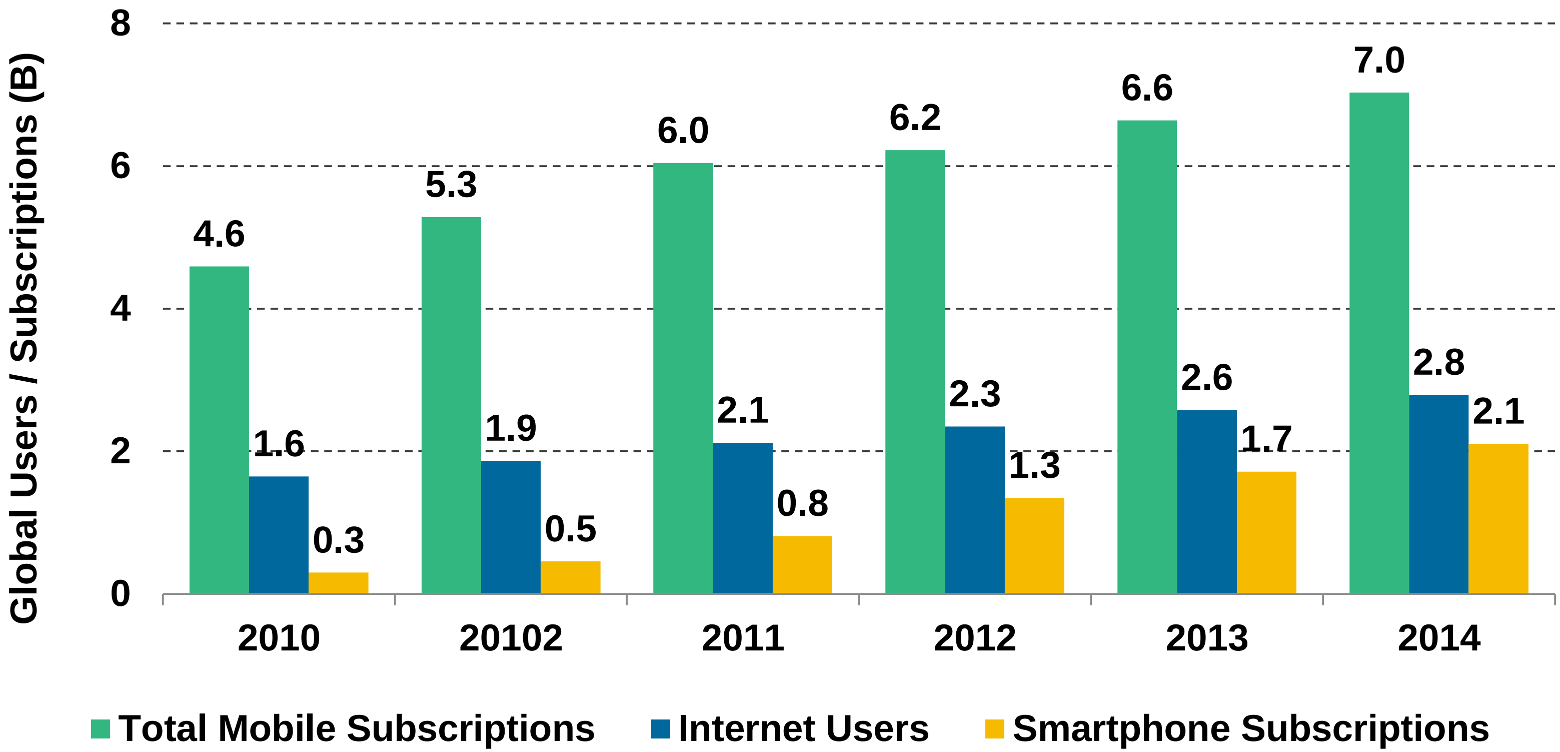
  Net New Sub Additions = ~Flat @ ~370MM+ in 2014 / 2013

  China Subs = +21%, USA = +9%, India = +55%, Japan = +5%, Brazil = +28%

*Details on Internet Users & Smartphone Subscribers in Appendix.

Incremental Internet + Smartphone *Users* = Harder to Garner Owing to Phase in Adoption Cycles...

Global Smartphone Subscriptions @
76% Penetration of Internet Users
30% Penetration of Mobile Subscriptions



Source: ITU, Informa. Details on Internet Users & Smartphone Subscribers in Appendix.

...Incremental Internet + Smartphone *Users* = Harder to Garner Owing to Dependence on Developing Markets

Developing Markets Tend to Have Lower GDP per Capita / Spending Power / Infrastructure

$44K = Average GDP Per Capita...

In 5 Countries with >50MM Population & ~ / >50% Smartphone Sub Penetration...

USA / Japan / Germany / UK / France

$13K = Average GDP Per Capita...

In 16 Countries* with >50MM Population & ~ / < 50% Smartphone Sub Penetration...

China / India / Brazil / Indonesia / Russia / Mexico / Philippines / Thailand / Italy / Turkey / Nigeria / Vietnam / Egypt / Iran / Pakistan / Myanmar

Source: US Census, Informa. GDP per capita is adjusted for purchasing-power parity, from IMF.
*These 16 countries encompass 3.1B mobile non-smartphone subscriptions, 52% of world's smartphone subscriptions (27% ex. China), 62% of non-smartphone (feature phone) subscriptions.

Global Internet *Usage* (Data Traffic) Growth Strong = +21% Y/Y Aided by Mobile + Video

Consumer Internet Traffic, Global =

+21% in 2014 vs. +24% in 2013, +31% in 2012

Consumer Internet *Video* Traffic, Global =

64% of consumer traffic in 2014 vs. 62% in 2013, 57% in 2012

Mobile Data Traffic, Global =

+69% in 2014 vs. +81% in 2013, +70% in 2012

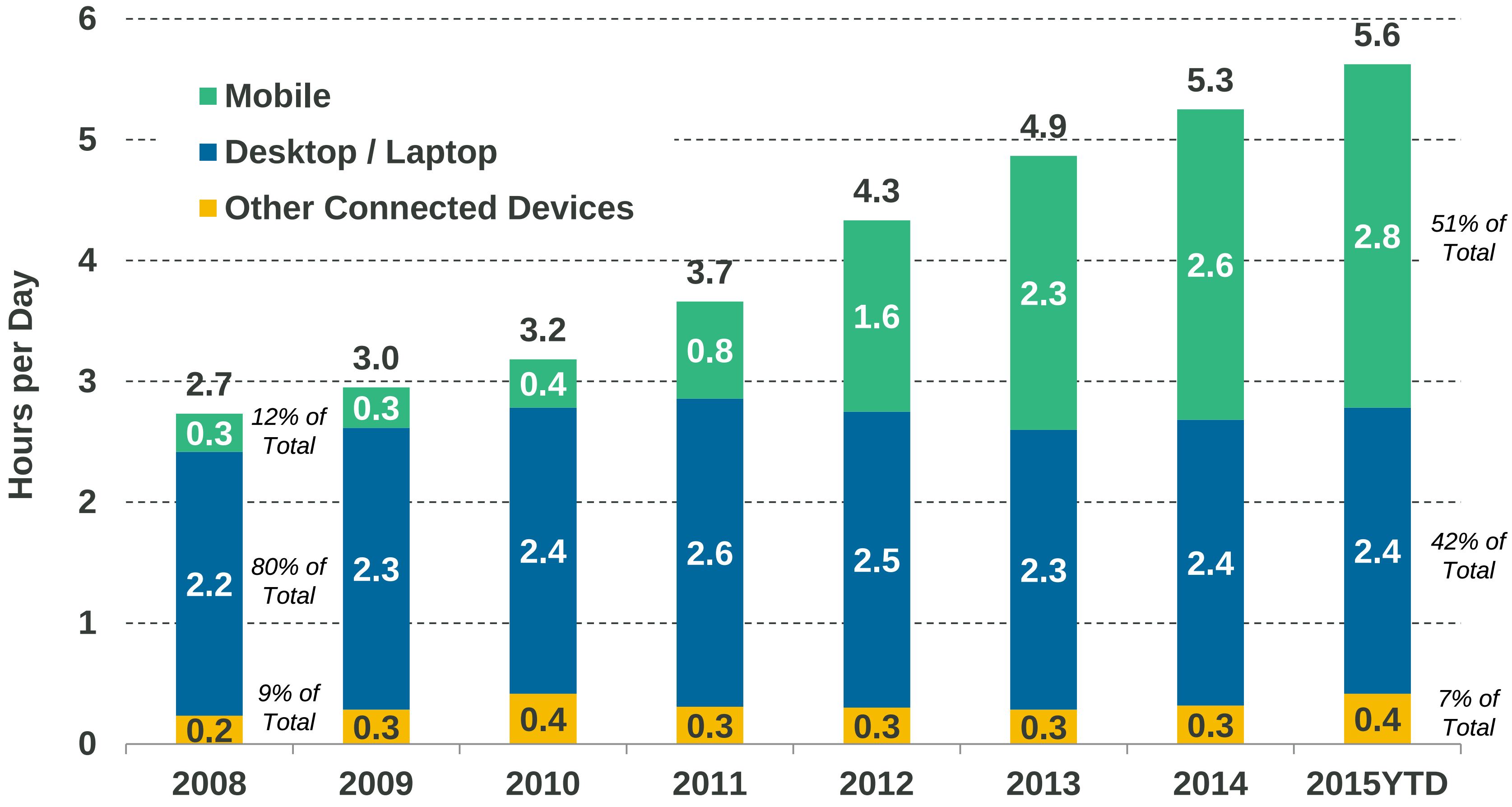
Mobile *Video* Traffic, Global =

55% of mobile traffic vs. 52% in 2013, 50% in 2012

Source: Cisco, 2015.

Internet *Usage* (Engagement) Growth Solid
+11% Y/Y = Mobile @ 3 Hours / Day per User vs. <1 Five Years Ago, USA

Time Spent per Adult User per Day with Digital Media, USA, 2008 – 2015YTD



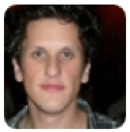
@KPCB Source: eMarketer 9/14 (2008-2010), eMarketer 4/15 (2011-2015). Note: Other connected devices include OTT and game consoles. Mobile includes smartphone and tablet. Usage includes both home and work. Ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking.

RE-IMAGINING CONTINUES

Re-Imagining
~~Enterprise~~ Computing =

Changing Business Process
One Segment at a Time

Tweet from Aaron Levie...



Aaron Levie
@levie

Following

Enterprise software used to be about making existing work more efficient. Now, the opportunity for software is to transform the work itself.

RETWEETS 252 FAVORITES 214

9:42 PM - 9 Apr 2015

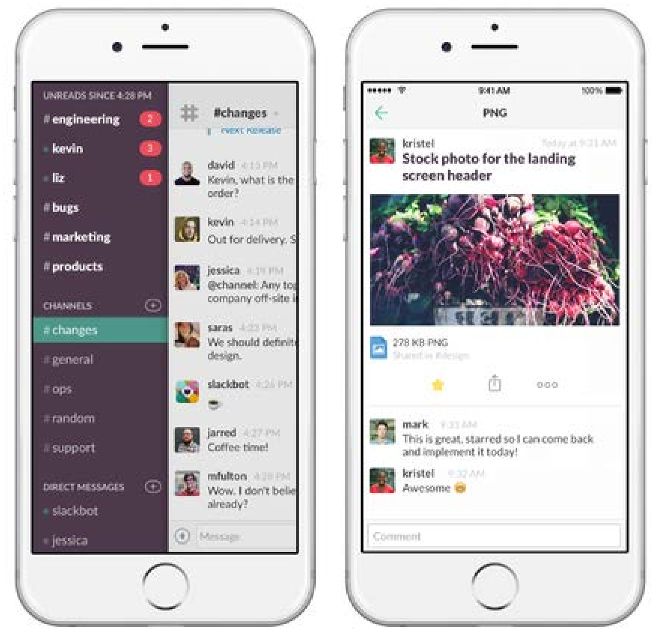
While Consumer Internet Entrepreneurs
Often Pursue
Personal Passion...

‘Enterprise’ Internet Entrepreneurs
Often Pursue
Prior Company Pain Points

Business Communications...
Slack – Stewart Butterfield

THEN
Email / Semi-Inflexible Messaging Tools

NOW
Slack



Can reduce internal email traffic materially

Source: Slack, KPCB. Image: TVC Net support website (left), NY Times (right).

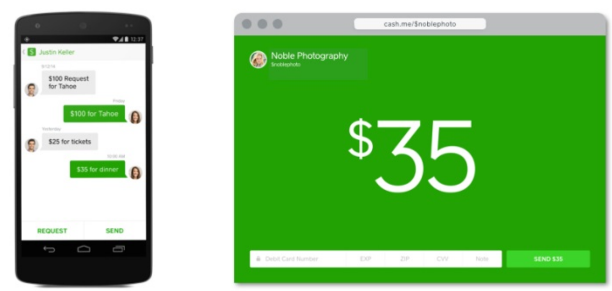
Offline Payments...
Square – Jack Dorsey / Jim McKelvey

THEN

Difficult to Set Up /
Process Offline Payments

NOW

Square

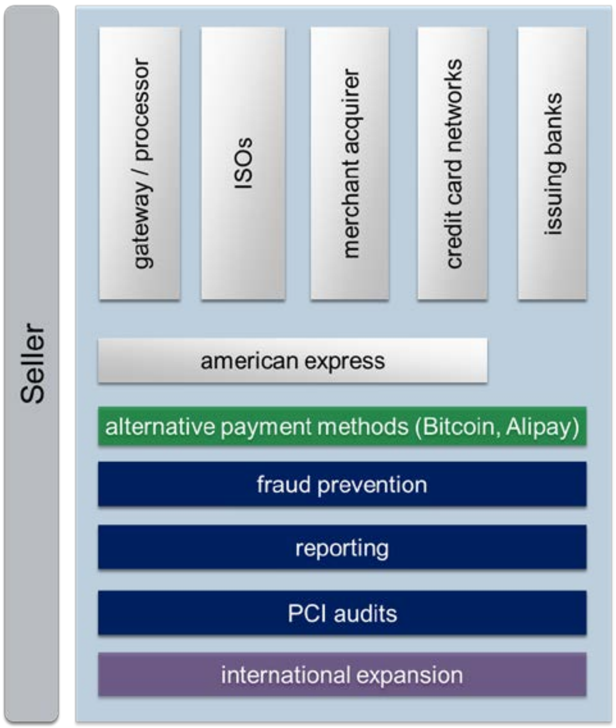


Allows merchants to accept credit card payments via their existing smartphone or tablet & run a sophisticated point of sale system

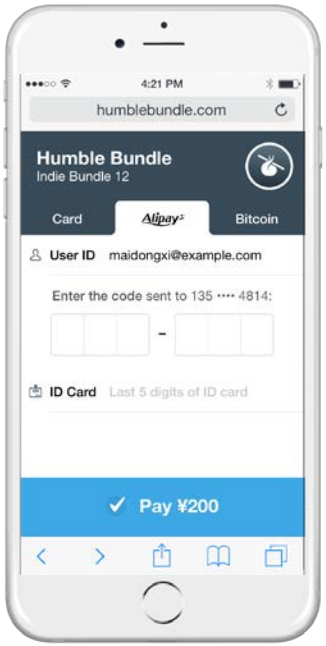
Source: Square. Image: Square (left and right).

Online Payments...
Stripe – Patrick Collison / John Collison

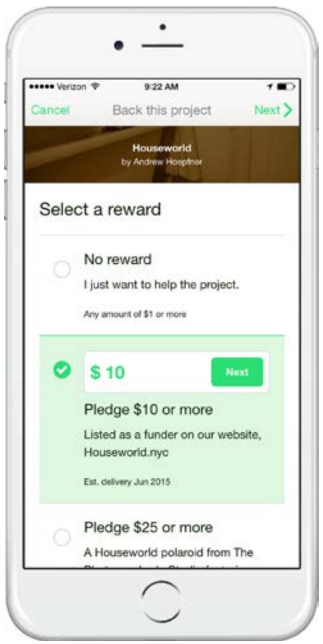
THEN
Difficult to Set Up /
Process Online Payments



NOW
Stripe



Stripe Alipay flow



Kickstarter payment flow

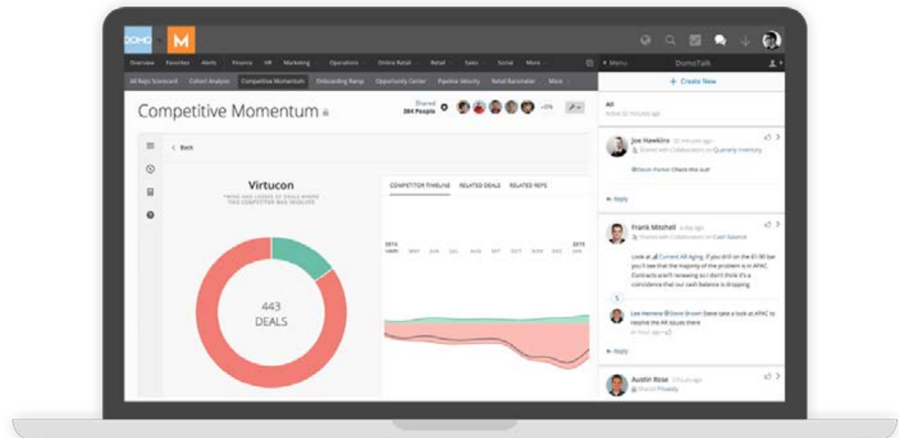
Can dramatically reduce payment integration time for developers and allow them to take advantage of modern APIs, compared with time required to deploy traditional merchant account

@KPCB Source: Stripe, 5/15. Image: Stripe (left and right).

Business Analytics...
Domo – Josh James

THEN
Data Overload Without
Easy Access for Execs

NOW
Domo



Improved access to real-time data can help users save time
& improve decision making

Source: Domo. Image: Omvana (left), Domo (right).

Document Signing / Transaction Management...
DocuSign – Tom Gonser

THEN

Paper-Based Signatures

NOW

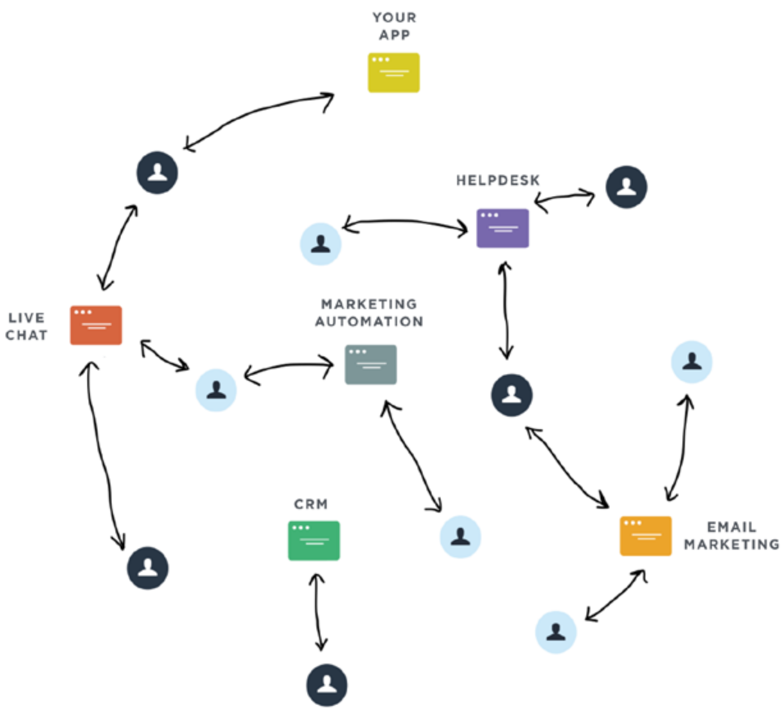
DocuSign

Can reduce transaction costs & improve transaction times

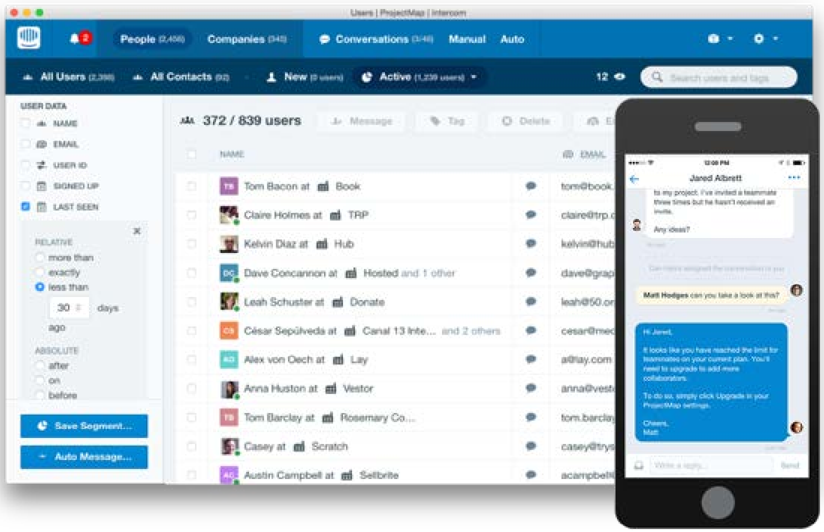
Source: DocuSign. Image: Good Marketplace (left), PaperlessChase.com (right).

Customer Communication...
Intercom – Eoghan McCabe

THEN
Disconnected Point Solutions



NOW
Intercom



In-app messages can be more engaging (based on reply rates) than traditional email marketing products

@KPCB Source: Intercom. Image: Intercom (left and right).

Customer Success...
Gainsight – Nick Mehta

THEN
Transactional Sales
Process with High Churn

NOW
Gainsight

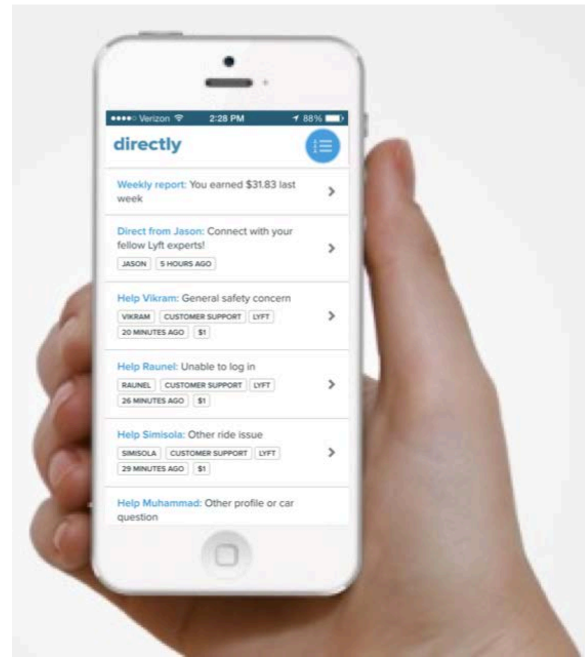
Typically improves net revenue retention

Source: Gainsight. Image: Salesforce (left), Gainsight (right).

Customer Service…
Directly – Antony Brydon

THEN
In-House Support Center

NOW
Directly



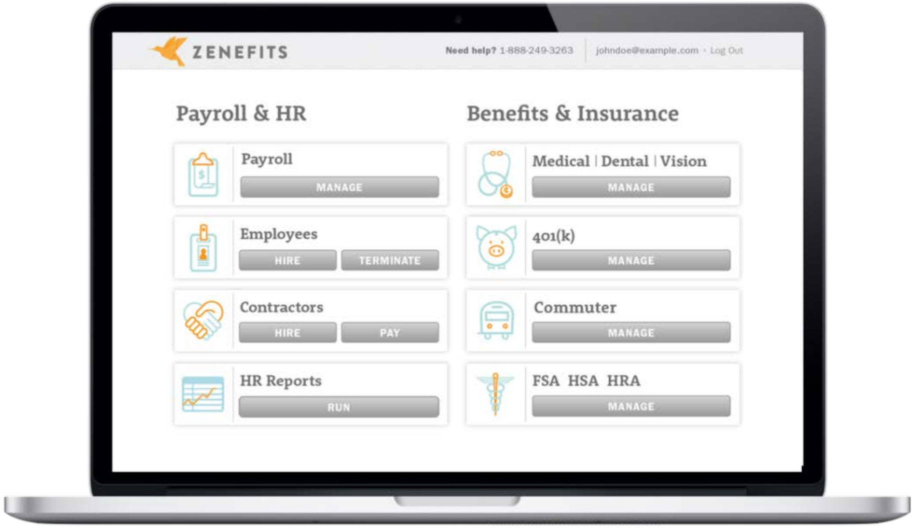
Can reduce customer response times & improve customer satisfaction

 Source: Directly. Image: JaimeOrtega.net (left), Directly (right).

Human Resources...
Zenefits – Parker Conrad

THEN
Paper Files &
Insurance Brokers

NOW
Zenefits



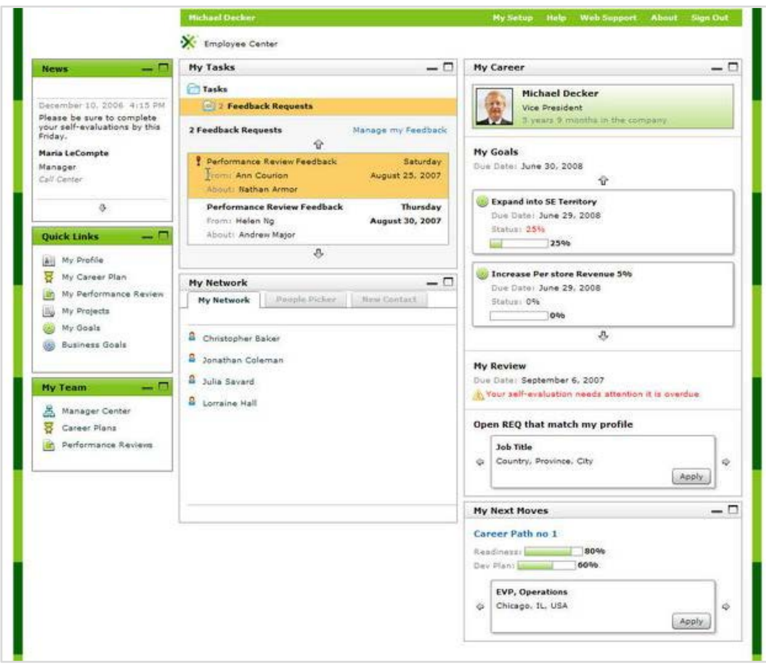
Manages $700MM+ in annual benefits premiums across 10K customers in 48 states vs. traditional brokers which typically work within a single state

Source: Zenefits. Image: McBrayer (left), Zenefits (right).

Recruiting...
Greenhouse – Daniel Chait

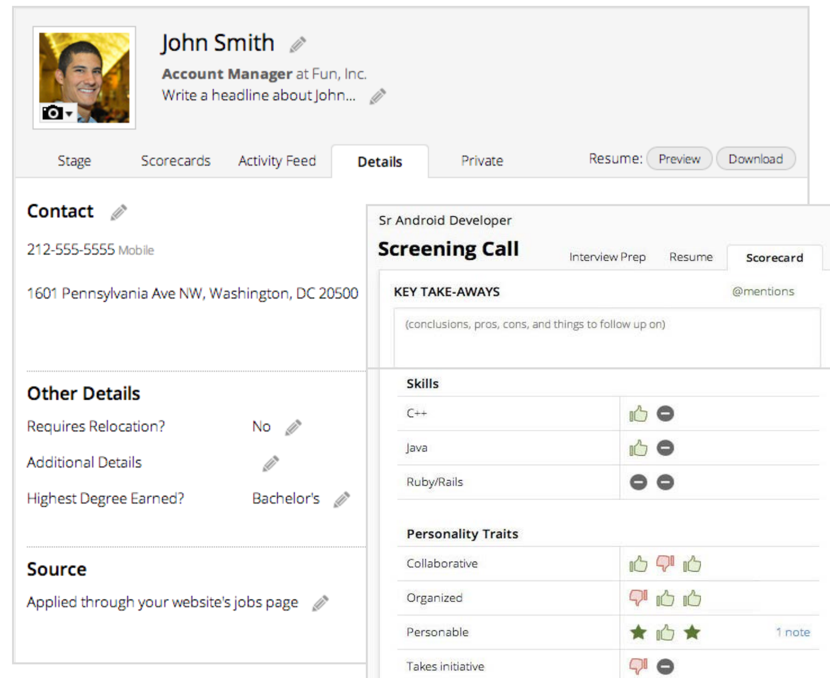
THEN

Reactive / Complex...
Only Used by Recruiters



NOW

Greenhouse

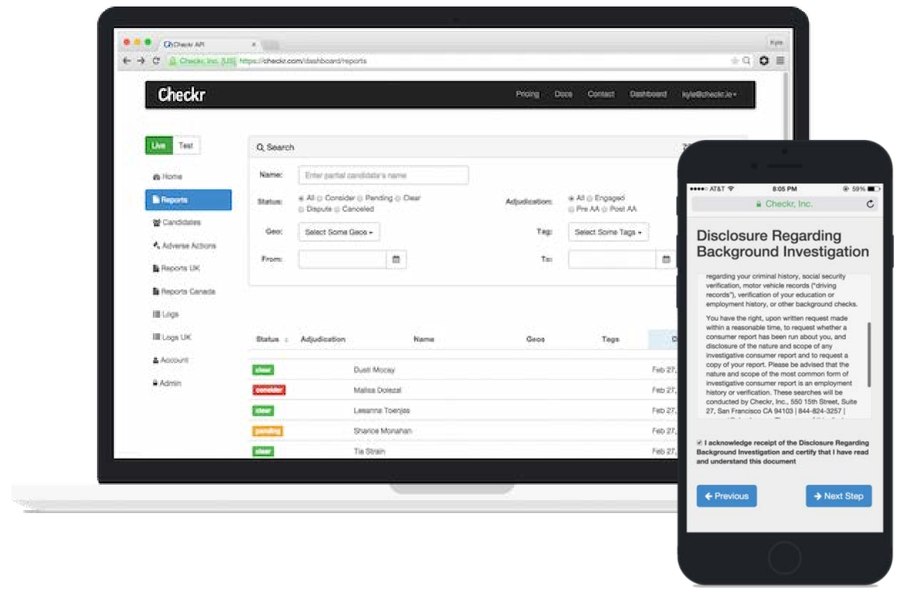


Can improve time-to-hire & decrease overall hiring costs

Background Checks...
Checkr – Daniel Yanisse

THEN
Manual / Time Consuming Background Screenings

NOW
Checkr



Typically reduces background check turnaround times

Employee Knowledge / Training...
GuideSpark – Keith Kitani

THEN

Static Hardcopy Manuals

NOW

GuideSpark

Can reduce Human Resource support time & increase employee benefits plan participation

Source: GuideSpark. Image: GuideSpark (left), GuideSpark (right).

Visitor Management...
Envoy – Larry Gadea

THEN
Sign-In Sheets

NOW
Envoy

Over 1MM visitors checked-in across 1,000 companies worldwide since May 2013

 Source: Envoy. Image: APT Research (left), Envoy (right).

Ten Years from Now,
When We Look Back at
How This Era of Big Data Evolved...

We Will Be Stunned at How
Uninformed We Used to Be
When We Made Decisions

– Billy Bosworth, DataStax CEO (2015)

Re-Imagining Messaging…

With Lots of Improvements / Change / Growth Ahead

Messaging Apps = Top Global Apps in Usage + Sessions

6+ of Top 10 most used apps globally = Messaging Apps

Top Apps by Usage

Rank	App
1	Facebook
2	WhatsApp
3	Messenger
4	Instagram
5	LINE
6	Viber
7	KakaoTalk
8	Clash of Clans
9	WeChat
10	Twitter

Top Apps By Number of Sessions

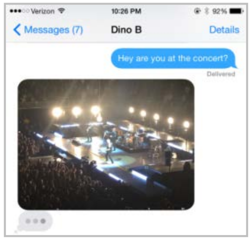
Rank	App	Sessions
1	KakaoTalk	55
2	WhatsApp	37
3	WeChat	29
4	VK	29
5	LINE	26
6	Viber	20
7	Facebook	20
8	Clash of Clans	16
9	Instagram	12
10	Messenger	8

Messaging Apps → significant app sessions

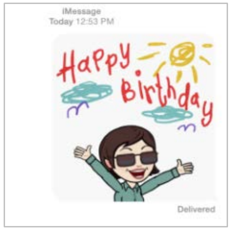
Source: Quettra, Q1:15. Data ranked based on usage.
Quettra analyzes 75MM+ Android users spread out in more than 150 countries, collecting install and usage statistics of every application present on the device. Q1:15 data analyzed three months of data starting from 1/1/15. Data excludes Google apps and other commonly pre-installed apps to remove biases. Only apps with 10K+ installs worldwide and 100+ DAU are counted.

Communicating via Mobile Messaging = A Beautiful Thing

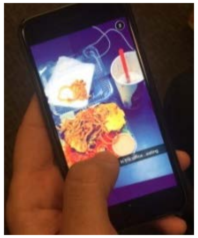
Asynchronous yet Instant



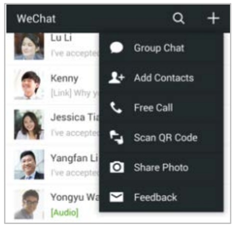
Expressive yet Fast



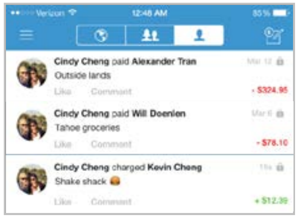
Engaging yet User Controlled



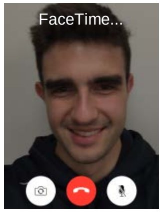
Casual yet Professional



Easy yet Productive

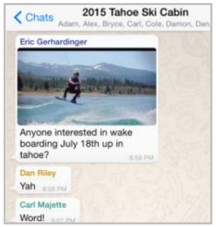


Personal yet Mainstream



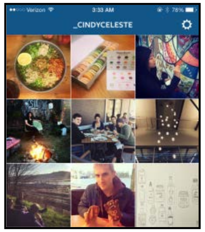
Mobile yet Distributed

Instant yet Secure



Real-Time yet Replayable*

Current yet Evergreen



Accessible yet Global

Simple yet 24x7

@KPCB

*Up to 24 hours after original broadcast.
Images: Company websites, Flickr (creative commons).

Messaging Leaders = Growing Fast...
Building Expansive Platforms + Moats

Selected Global Messaging Leaders

WhatsApp (launched 2009)
- *Fast messaging*
- MAU = **800MM**, +60% Y/Y, Q1:15
- Messages Sent / Day = **30B**

Facebook Messenger (launched 2011)
- *Messaging platform*
- MAU = **600MM**, +200% Y/Y, Q1:15

Snapchat (launched 2011)
- *Ephemeral messages, pictures and videos*
- DAU = **100MM**, 5/15
- Story Views / Day = **2B**

WeChat (launched 2011, China)
- *Messaging platform*
- MAU = **549MM**, Q1:15, +39% Y/Y

LINE (launched 2011, Japan)
- *Messaging platform*
- MAU = **205MM,** Q1:15
- Messages Sent / Day = **13B**, +30% Y/Y
- Revenue = **$922MM**, +70% Y/Y

KakaoTalk (launched 2010, Korea)
- *Messaging platform*
- MAU = **48MM**, Q1:15
- Messages Sent / Day = **5.2B**
- Revenue* = **$853MM**, +19% Y/Y

Source: Company public filings, earnings transcripts, websites, statements to the press.
Revenue figures are annualized as of most recent quarter. *Revenue of Daum Kakao.

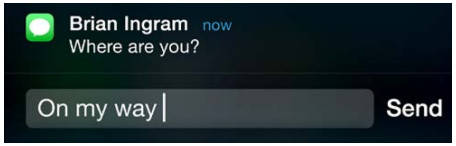
...Messaging Platforms – Global Leaders = Implementing Playbooks & More

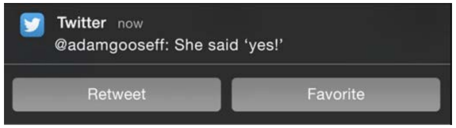
Name	Facebook Messenger	Snapchat
Launch	August 2011	September 2011
Primary Country	Global	Global
Messaging	Separate messaging app (2014)	Chat (2014)
Group Messaging	✓	✘
Voice Calls	VoIP voice calls in US (2013)	✘
Video Calls / Chat	Free VoIP video calls (2015)	Video Chat (2014)
Payments	Messenger Payments (2015)	Snapcash (2014)
Stickers	Sticker support (2013)	✘
Games	✘	✘
Commerce	Businesses on Messenger (2015)	✘
Media	✘	Discover (2015)
QR Codes	✘	QR Codes to add friends (2015)
Food Delivery	✘	✘
Taxi Services	✘	✘
User Stories / Moments	✘	Shared Stories (2013)
Developer Platform	Messenger Platform (2015)	✘

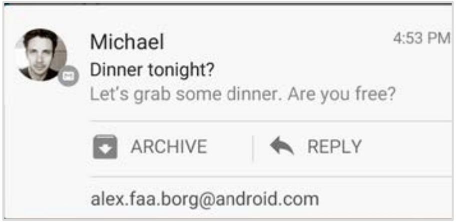
Source: Company websites, press releases.

Notifications = Growing Rapidly & Increasingly Interactive... Driving New Touch Points with Messaging Platforms + Other Apps

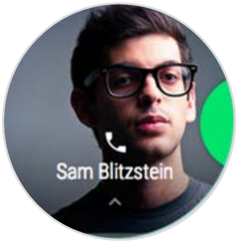
Direct Interaction on Notification Panel – without users interrupting what they're doing...







...More Up Close & Personal – as notifications appear on more & more mobile devices



Re-Imagining Content…

It's Increasingly User-Generated / Curated & Surprising

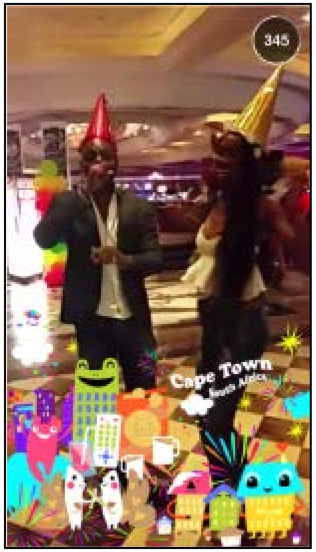
User-Generated Video from Millions of Creators...
Curated by Snapchat = Growing Rapidly with Live Stories

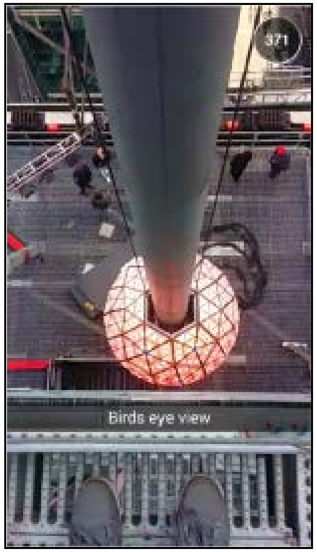
Music

Coachella
4/15

40MM
Viewers Over 3 Days

Holidays





New Year's Eve
12/14

37MM
Viewers in 24 Hours

Sports

Winter X-Games
1/15

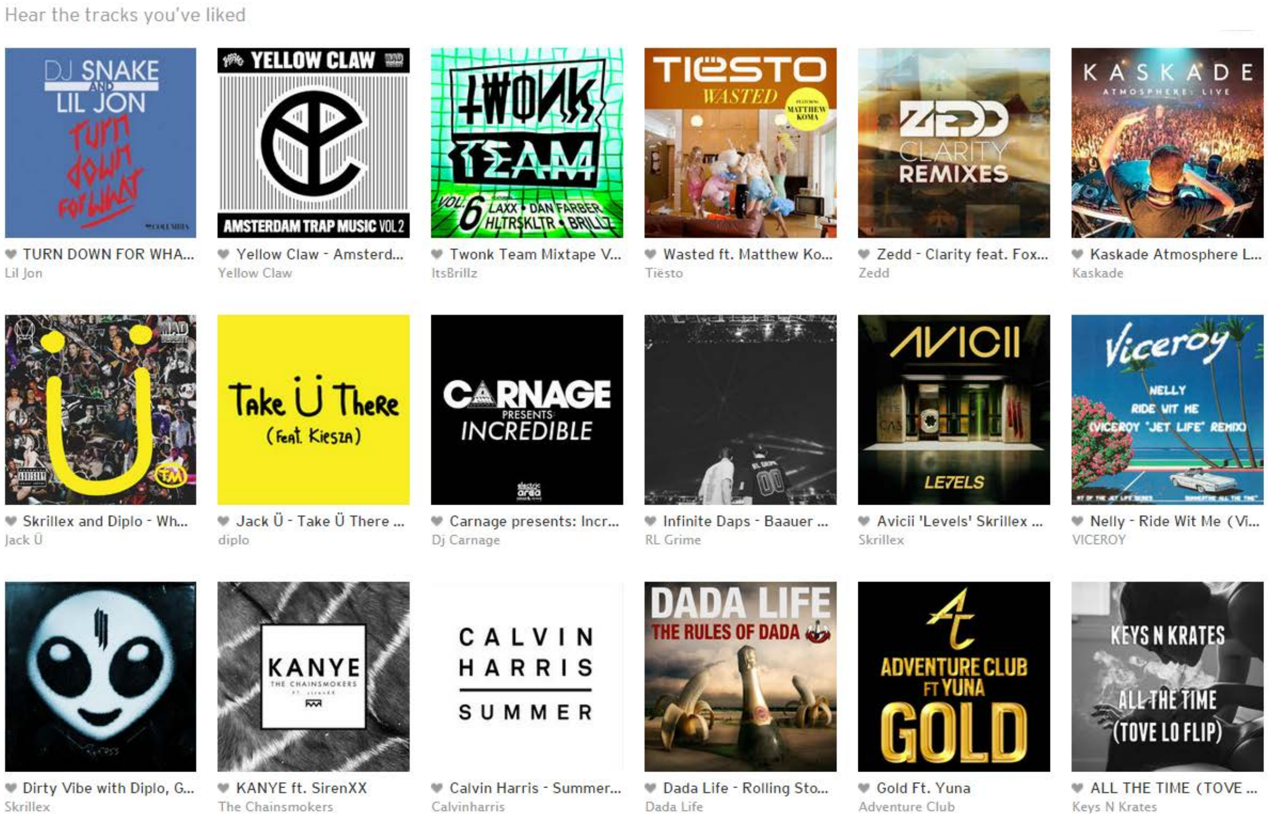
30MM
Viewers in 24 Hours

Source: Snapchat.

User-Generated / Curated Audio Content (including Remixes) = @ 10MM Creators (+2x) Over 2 Years on SoundCloud

100MM Tracks
+33% Y/Y

Majority of content comes from creators not associated with known rights-holders



Source: SoundCloud.

User-Generated Written Content / Stories = +140% Y/Y to 125MM Cumulative Stories on Wattpad

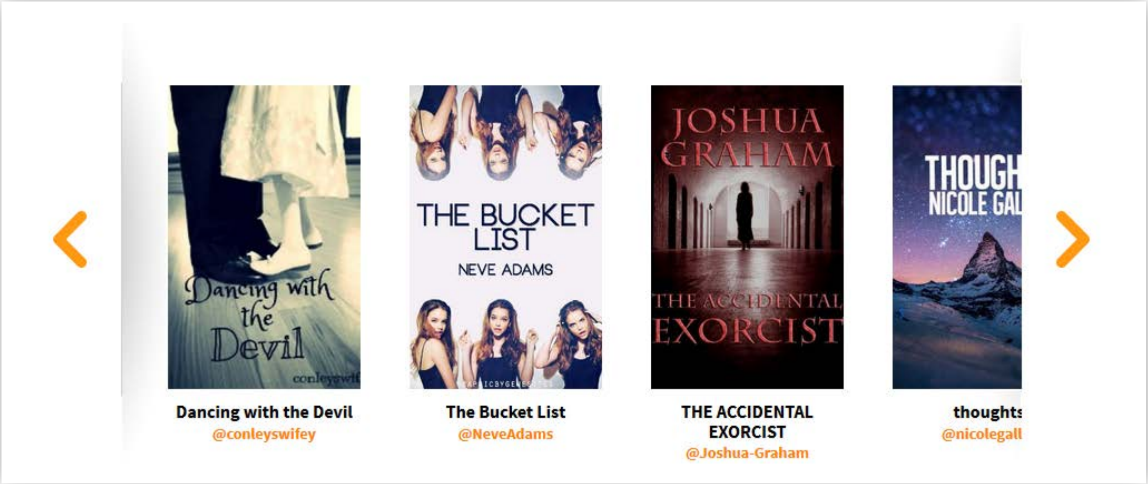
40MM Monthly Unique Visitors
+48% Y/Y

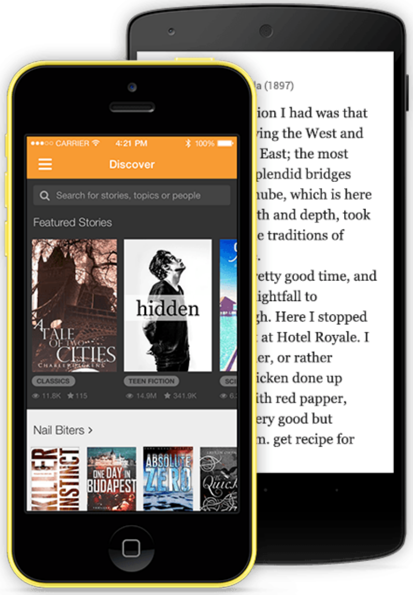
11B Minutes Spent per Month
+83% Y/Y

Average engagement time = 30 minutes / user / session

90% Mobile Traffic

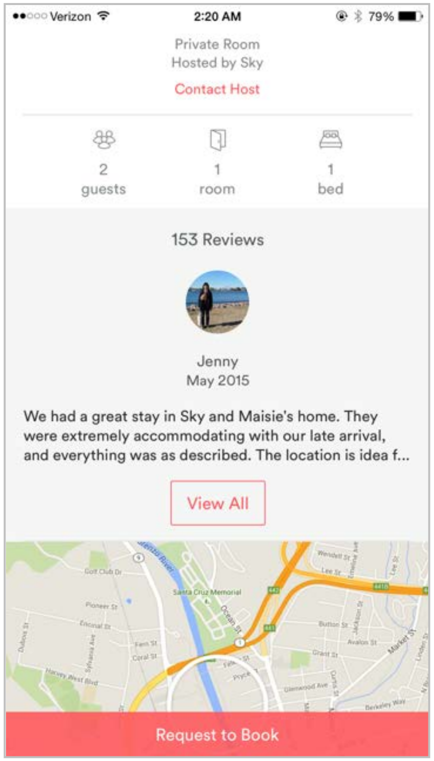
Every minute, >24 hours of reading material is posted on Wattpad

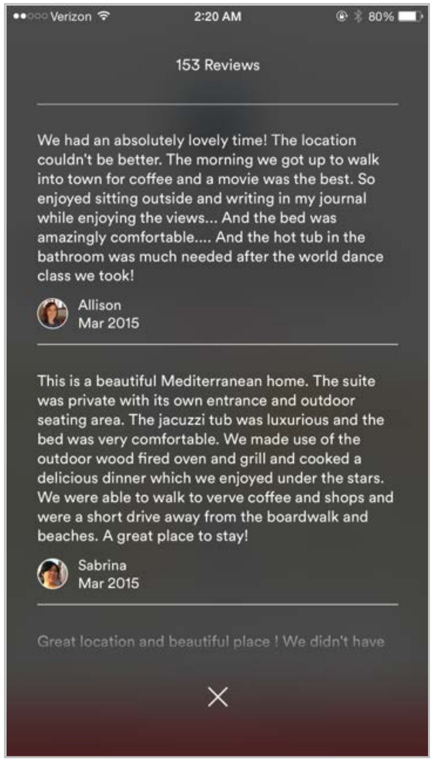


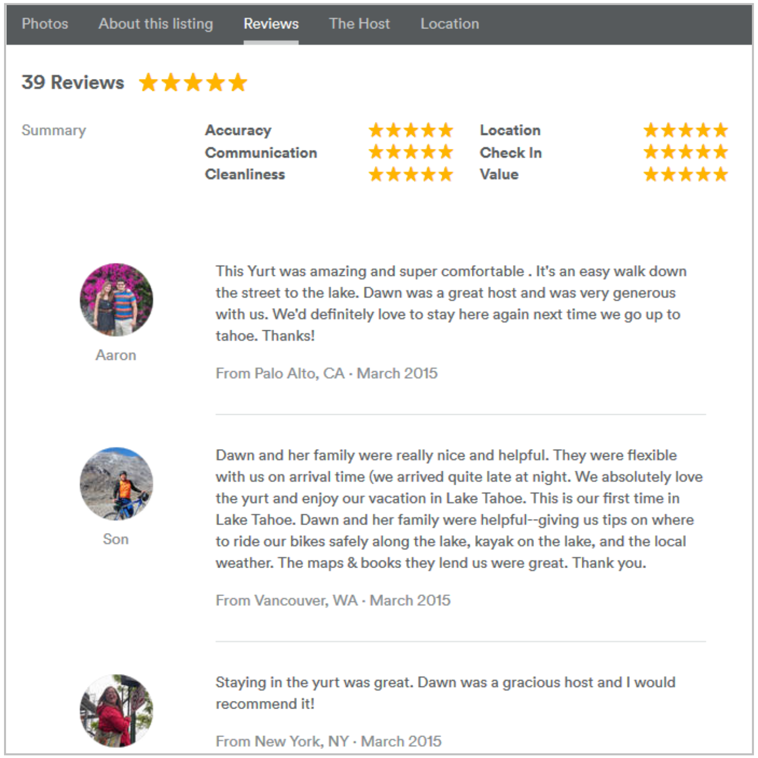


Source: Wattpad, all data as of 5/15.

User-Generated Reviews / Feedback (Reputation) = +140% Y/Y @ 14MM New Reviews on Airbnb, Last 12 Months





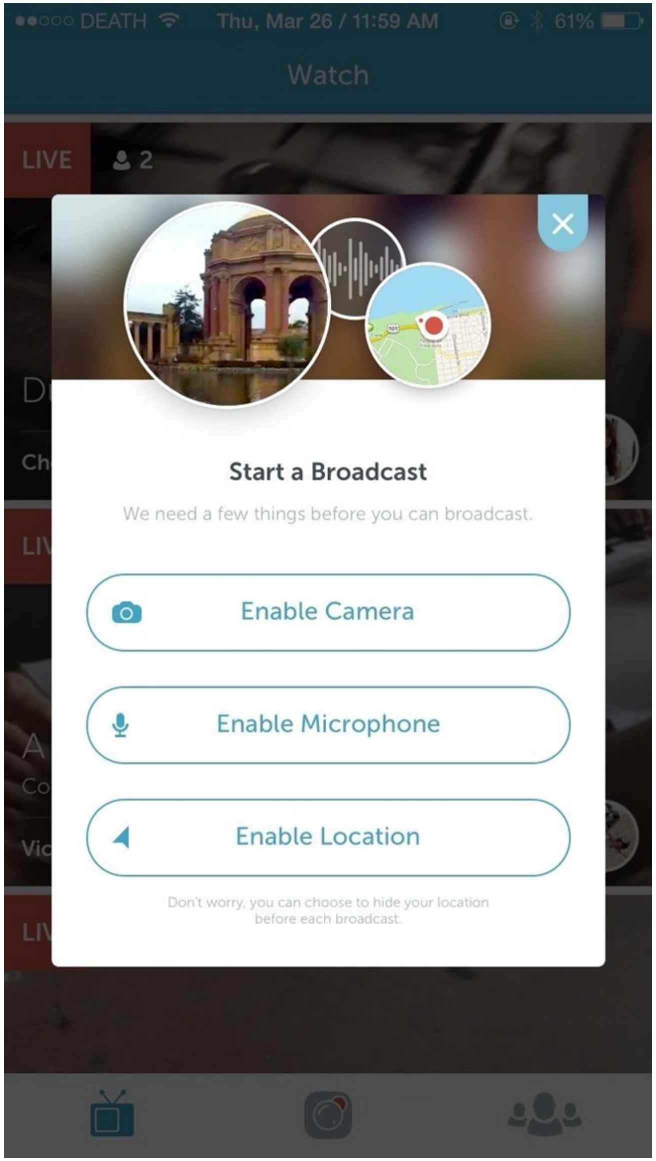


 Source: Airbnb.

Imagine That…

Users Generating Their Content
Are
Recreating Their Internet

Smartphone → A Very Smart Phone...
Re-Imagining Presence = All Visual...All the Time



Source: Periscope.

Re-Imagining
Getting What You Want...
When You Want It

...'Just in Time' Products + Services = Enabled by Mobiles + Sensors + Humans

Selected On-Demand Company Fulfillment Time Estimates

Transportation

LUXE	~10 min
lyft	Within minutes
UBER	Within minutes

Dining

OpenTable	Instant booking

Entertainment

SeatGeek	Instant booking

Food

caviar	<20 min
DOORDASH delightful delivery	Typically within 1 hour
MUNCHERY	Typically within 20-40 minutes
sprig	15 min

Groceries

Instacart	Typically within 1-2 hours

Delivery

POSTMATES	Typically within 1 hour
shyp	~20 min

Travel

airbnb	Instant booking
Hotel Tonight	Instant booking

Source: Statements from company and publicly available information.
Note: Fulfillment time for transportation companies and Shyp is defined as wait time until pickup. Fulfillment time for food companies, Instacart, and Postmates is defined as time until delivery of goods. Fulfillment time for the remaining companies is defined as time until completion of the transaction.

Re-Imagining Consumer Spending

Consumer Spending Category Rankings =
1) Housing 2) Transportation 3) Food 4) Insurance / Pensions 5) Healthcare...

Average Annual Expenditure of USA Household, 2013 – 2014

	Total ($)		% of Total		Y/Y
Spend Category	**2013**	**2014**	**2013**	**2014**	**Growth (%)**
Housing	$17,041	$17,377	33%	33%	2%
Transportation	8,999	9,104	18%	18%	1%
Food	7,047	7,115	14%	14%	1%
Personal Insurance / Pensions	5,573	5,551	11%	11%	(0%)
Healthcare	3,520	3,919	7%	8%	11%
Entertainment	2,586	2,560	5%	5%	(1%)
Cash Contributions	1,949	1,790	4%	3%	(8%)
Apparel and Services	1,706	1,674	3%	3%	(2%)
Education	1,212	1,143	2%	2%	(6%)
Miscellaneous / Other	1,776	1,701	3%	3%	(4%)
Total	**$51,409**	**$51,934**	100%	100%	1%

Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey.
Survey results based on mid-year 2014 and 2013 data.
Pension / Personal Insurance includes deductions for private retirement accounts, social security, and life insurance.
Healthcare costs include healthcare insurance, drugs, out-of-pocket medical expenses, etc.

Lots of Innovation in Biggest Consumer Spending Categories…

Especially in Top 3 Areas

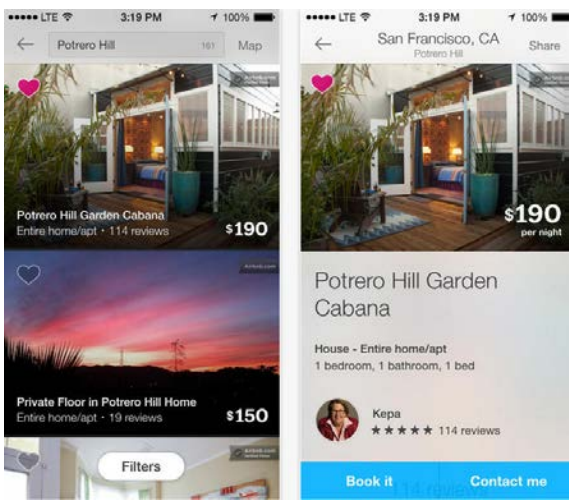
1) *Housing*
2) *Transportation*
3) *Food*

Innovation in *High Spend* Markets...

Average Annual USA Household Spending...

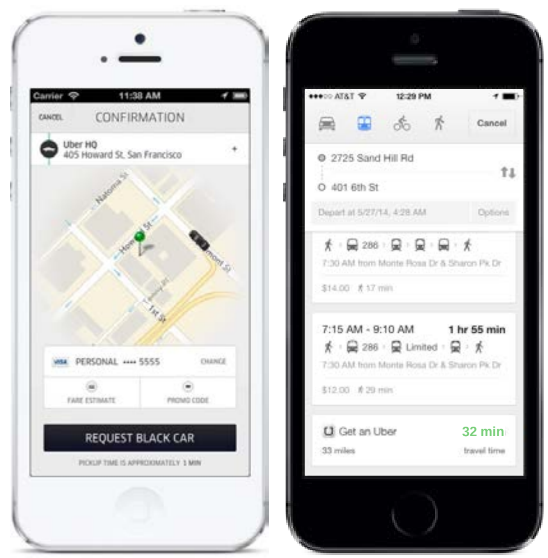
Housing = $17K

33% of total spend



Transportation = $9K

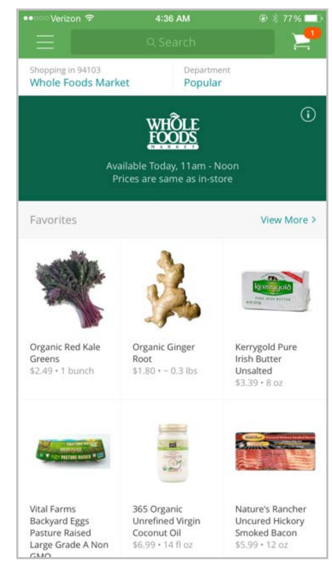
18% of total spend



Food = $7K

14% of total spend

$4K on food consumed in home... 8% of spend

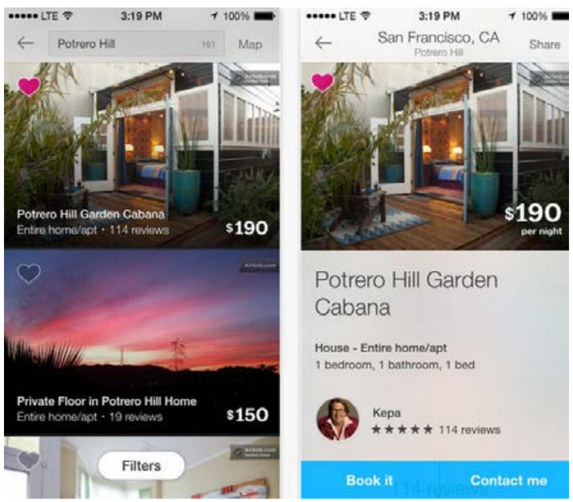


Source: U.S. Bureau of Labor Statistics.
Image: Airbnb, Uber, Instacart.

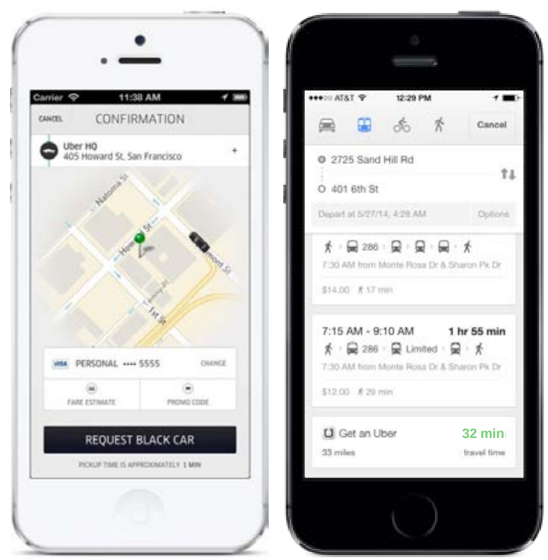
...Innovation in *High Engagement* Markets...

Average USA Individual...

Needs Shelter Every Day

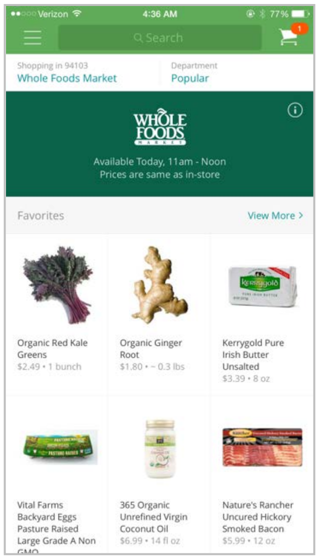


Drives ~37 Miles per Day



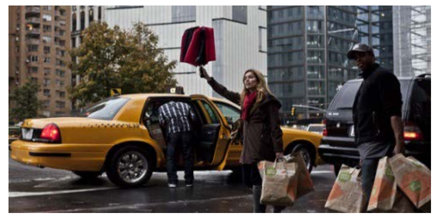
Visits Grocery Store 2x / Week...

41 minutes each trip



Source: Department of Transportation, Federal Highway Administration, 2/15. US Grocery Shopping Trends, 2012. Booz & Company Analysis.
"Grocery Shopping: Who, Where and When," The Time Use Institute, 2008. Time spent grocery shopping excludes time spent getting to and from store.
Image: Airbnb, Uber, Instacart.

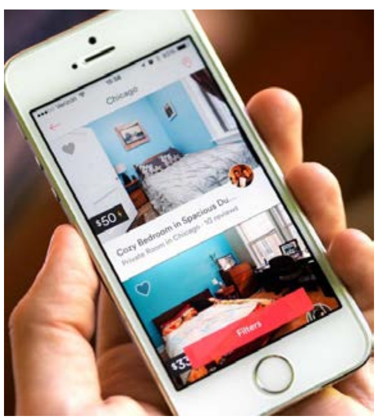
...Innovation in *Weak User Experience* Markets

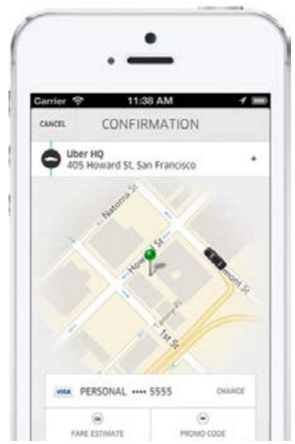


airbnb

UBER

Instacart





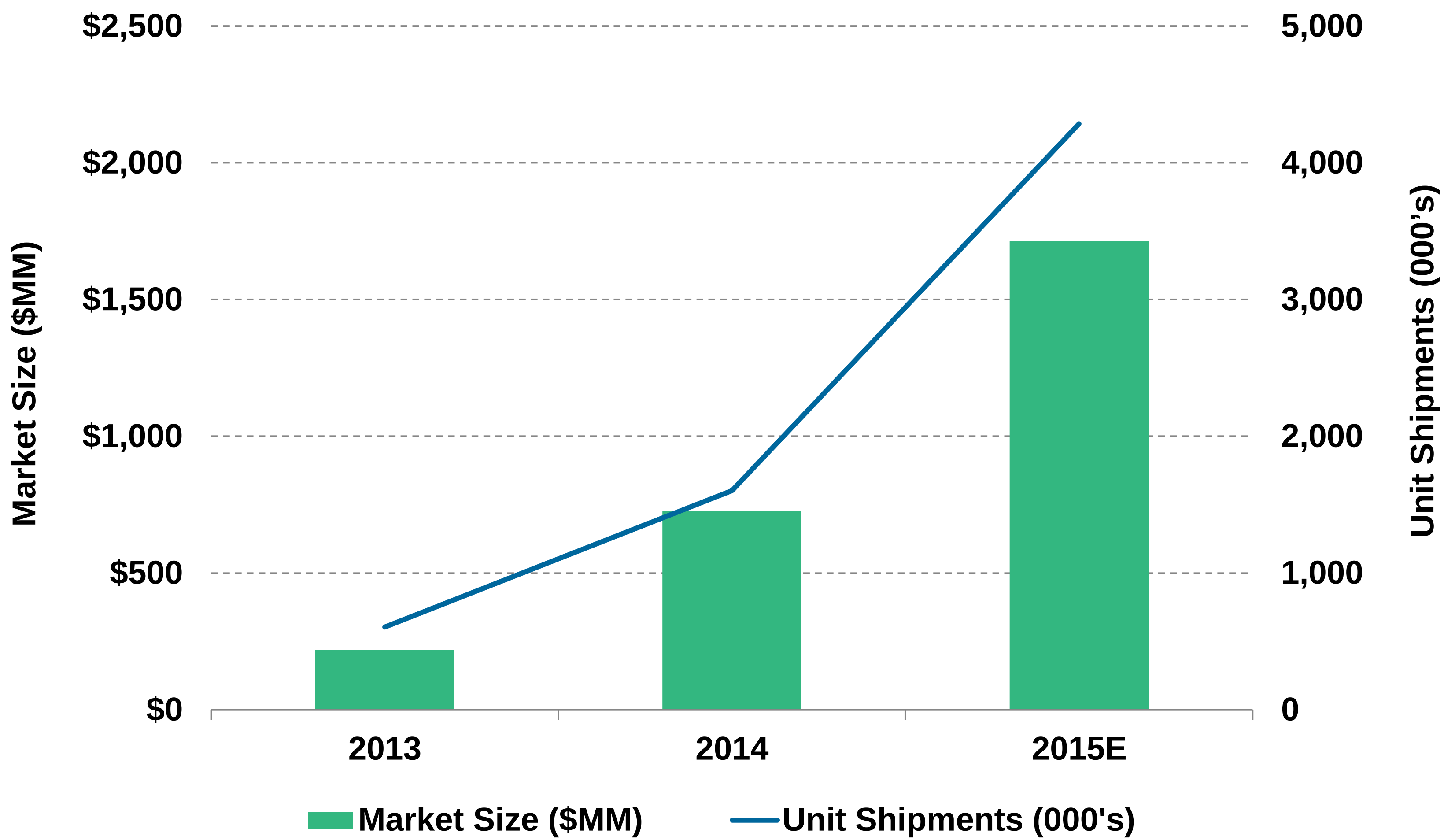
Images: iMore, Uber, Instacart.

Re-Imagining Birds-Eye View...

Drone Growth =
Uniquely
Fast / Global...
Consumer / Commercial...
& Regulators Engaged

Consumer Drone Shipments = Rising Rapidly... @ 4.3MM Units in 2015E, + 167% Y/Y, Revenue to $1.7B

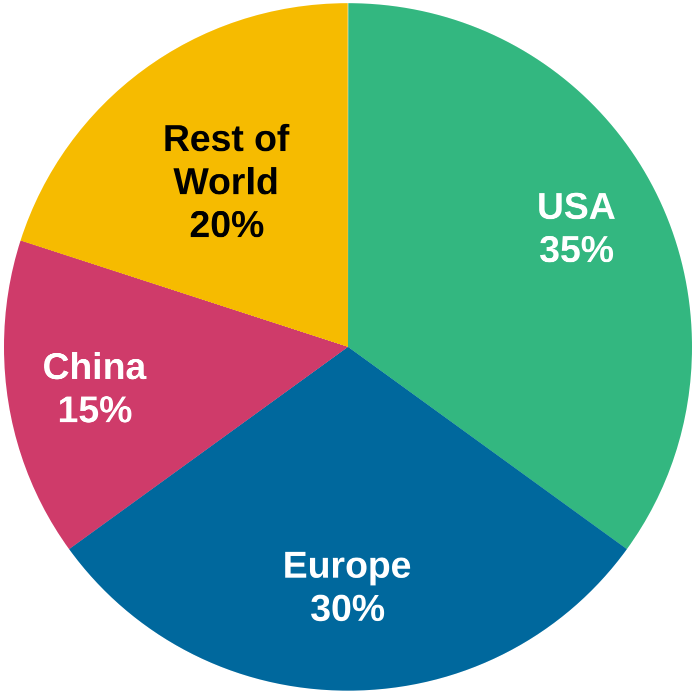
Global Consumer Drones – Revenue & Unit Shipments, 2013 – 2015E



Source: KPCB estimates.

Consumer Drone Use = Global...
USA = 35%... Europe = 30%... China = 15%... ASP = $700

Global Consumer Drones – Revenue by Region, 2014



Source: KPCB estimates.

Commercial Drone Use = Very Broad...
Operational Improvements / Resource Management / Public Safety

Precision Agriculture

Golden Prairie uses drones to capture soil & growth information on 10K+ acres of organic millet crops in high plains of eastern Colorado, USA

Mining & Quarrying

Barrick Gold / Imerys / Rio Tinto using drones for pit surveys / stockpile management / road analysis

Infrastructure Inspection

San Diego Gas & Electric testing drones for electric & gas line inspections

Disaster Response

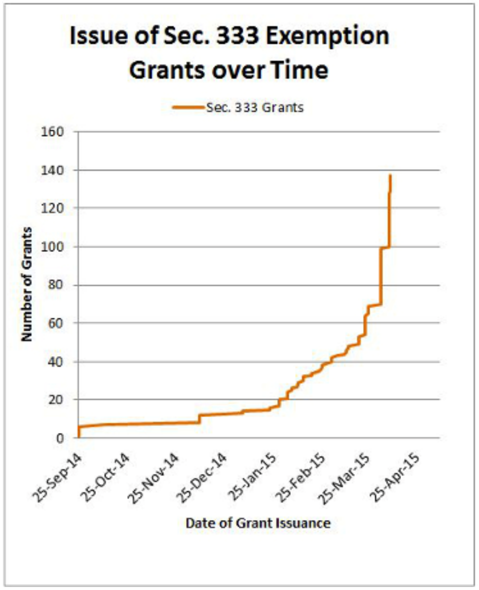
Drones used to assess damage & for relief efforts in Nepal & Haiti after earthquakes

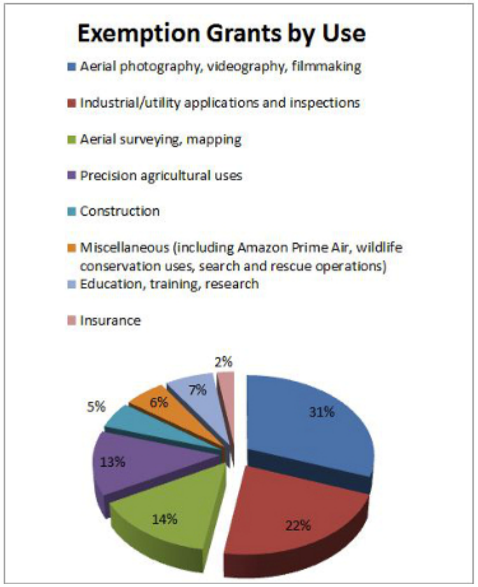
@KPCB Source: News sources.

USA = Previously Held Back by Regulation...Opening for Business = >400 American Companies Approved to Commercially Operate Drones

Countries Ranked by Government Accommodation for Drones

1) France & United Kingdom
2) Canada
3) Australia
4) Japan
5) USA
6) China





Transportation

BNSF Railway

Oil & Gas

Chevron

Construction

Trimble

Bechtel

Precision Farming

Topcon

Wilbur-Ellis

Electric Grid

ppl

Exelon.

SDG&E

A Sempra Energy utility

Consumers Energy

Insurance

Travelers

State Farm

AIG

USAA

Source: KPCB assessment for rankings, Thompson Coburn LLP for Sec 333 exemptions (http://www.thompsoncoburn.com/news-and-information/publications/publication/15-04-17/section-333-at-200-days-where-are-we-now.aspx), Airware for companies with public domain licenses.
Note: Per the FAA, Section 333 of the FAA Modernization and Reform Act of 2012 (FMRA) (PDF) grants the Secretary of Transportation the authority to determine whether an airworthiness certificate is required for a UAS to operate safely in the National Airspace System (NAS). This authority is being leveraged to grant case-by-case authorization for certain unmanned aircraft to perform commercial operations prior to the finalization of the Small UAS Rule, which will be the primary method for authorizing small UAS operations once it is complete.

Commercial Drone Market Future Potential = Bigger + More Constructive than Many Believe, Though With Risks

Image: 32Advisors.

Cyber Attacks = Growing in Size / Complexity / Risk

Cyber Attacks = Growing Bigger / Faster...

- **Insider Misuse = Significant Cause of Breaches**

  >20% of breaches come directly from insiders with malicious intent. In most breaches, attackers have foothold within internal networks & spread / steal data through privilege abuse / credential misuse.

- **Mobile Devices = Increasingly Used to Harvest Data**

  Adware grew 136% to 410,000 apps between 2013 and first three quarters of 2014, giving attackers access to personal information such as contacts, which can subsequently be used to launch phishing attacks.

- **Mobile Device Management = Critical in Preventing Breaches**

  22% of breaches reported by network security decision makers involve lost / stolen devices.

Source: FireEye M-Trends Report 2015, Ponemon Institute's Second Annual Study on Data Breach Preparedness, Network World.

...Cyber Attacks = Growing Bigger / Faster

- **Human Focus = Critical in Preventing / Remediating Attacks**

  Despite abundance of security products, breach response typically takes months. ~4 of 5 organizations don't update their breach response plans to account for changing threat landscape and corporate processes. With proper technology, threat intelligence & expertise, detection to response times has been reduced by >90%.

- **Security Skills = Biggest Gap in Enterprise Security Programs**

  Despite large investments in security technologies, lack of skilled experts continues to result in breaches. At least 30% of organizations cite a 'problematic shortage' of each of following: 1) cloud computing and server virtualization security skills; 2) endpoint security skills; 3) network security skills; 4) data security skills; 5) security analytics / forensic skills.

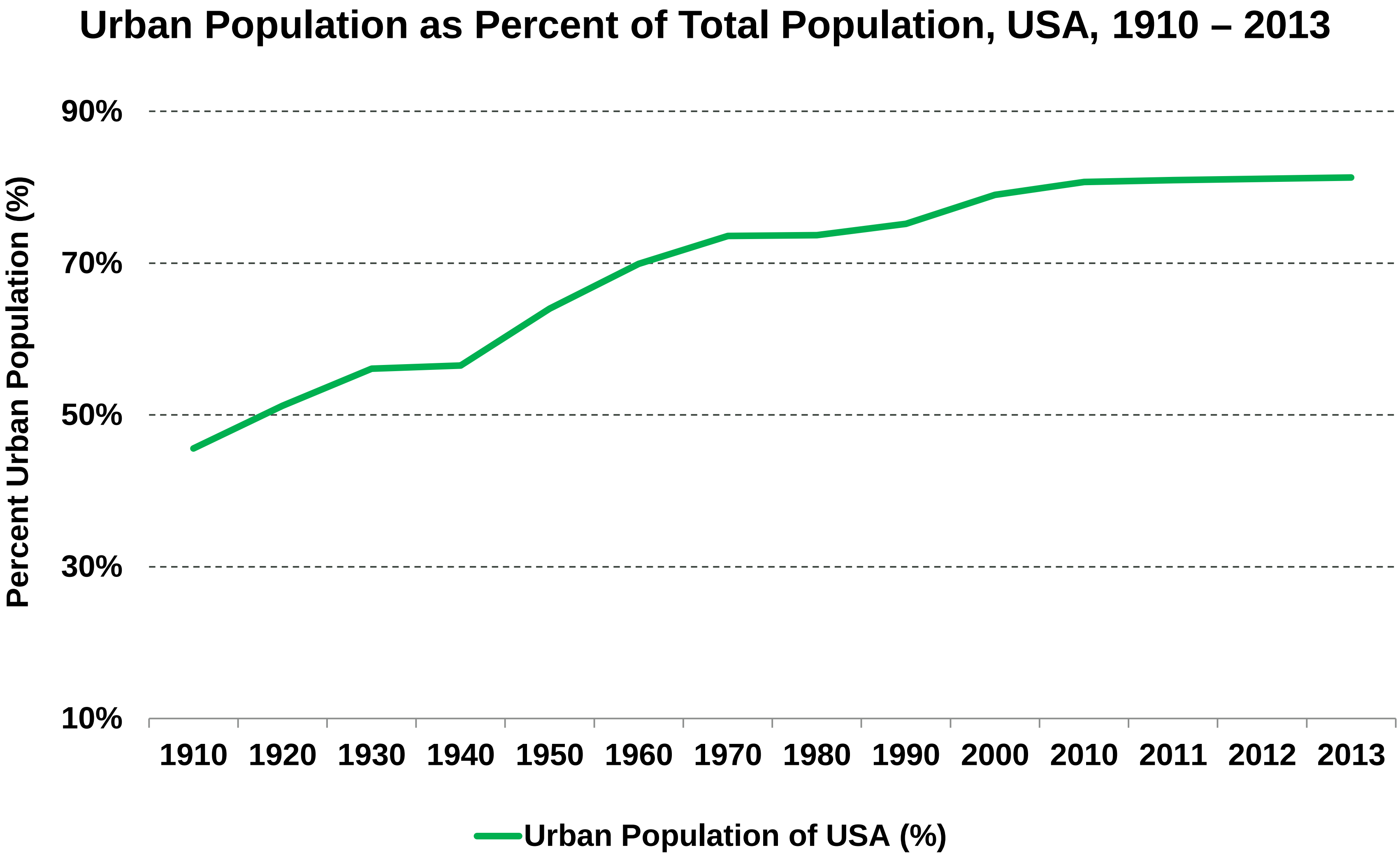
- **Disclosures of Breaches = Coming from Outside Sources**

  In 69% of breaches, victim did not detect attack on own – they were notified by third party (like the press, law enforcement, etc.). This is forcing victims to disclose breaches outside their preferred terms / timing.

Source: FireEye M-Trends Report 2015, Ponemon Institute's Second Annual Study on Data Breach Preparedness, Network World.

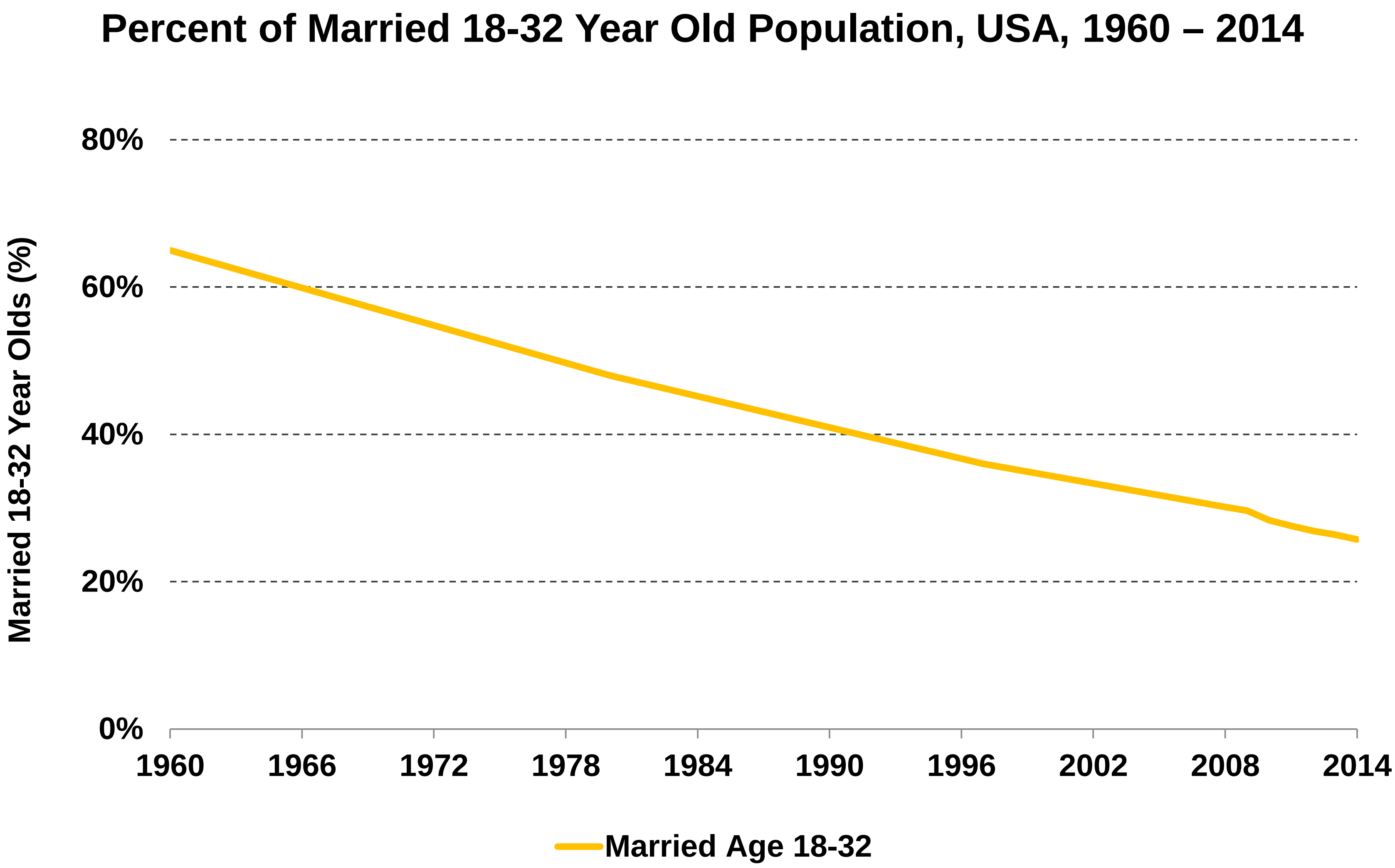
PEOPLE HAVE CHANGED

Urban Dwellers Have Risen = @ 81% of Population vs. 70% Fifty Years Ago, 46% a Century Ago



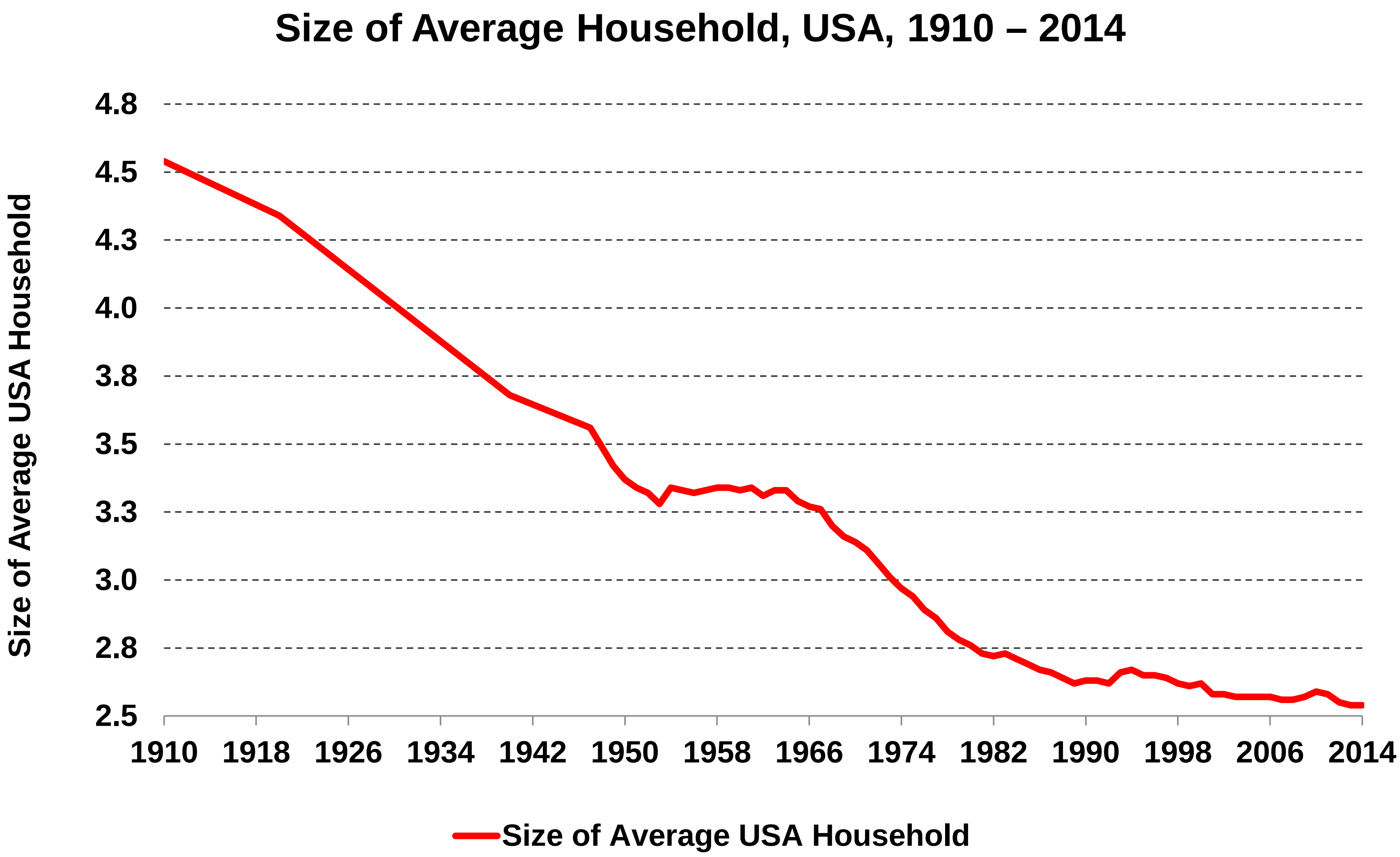
Source: The World Bank, United Nations World Urbanization Prospects. US Census Bureau.
Note: Urban population refers to people living in urban areas. Urban areas are densely developed territories that contain at least 2,500 people, as defined by the Bureau of Labor Statistics. It is calculated using World Bank population estimates and urban ratios from the United Nations World Urbanization Prospects.
Interest in urbanization is owing to the fact that many new, online, on-demand platforms / marketplaces typically focus on serving urban populations.

18-32 Year Olds Marriage Rates Declining = @ 26% vs. 65% Fifty Years Ago



Source: US Census Bureau.
Married defined as married, spouse present or married, spouse absent.

Household Sizes Declining =
@ 2.5 People vs. 3+ Fifty Years Ago, 4+ a Century Ago

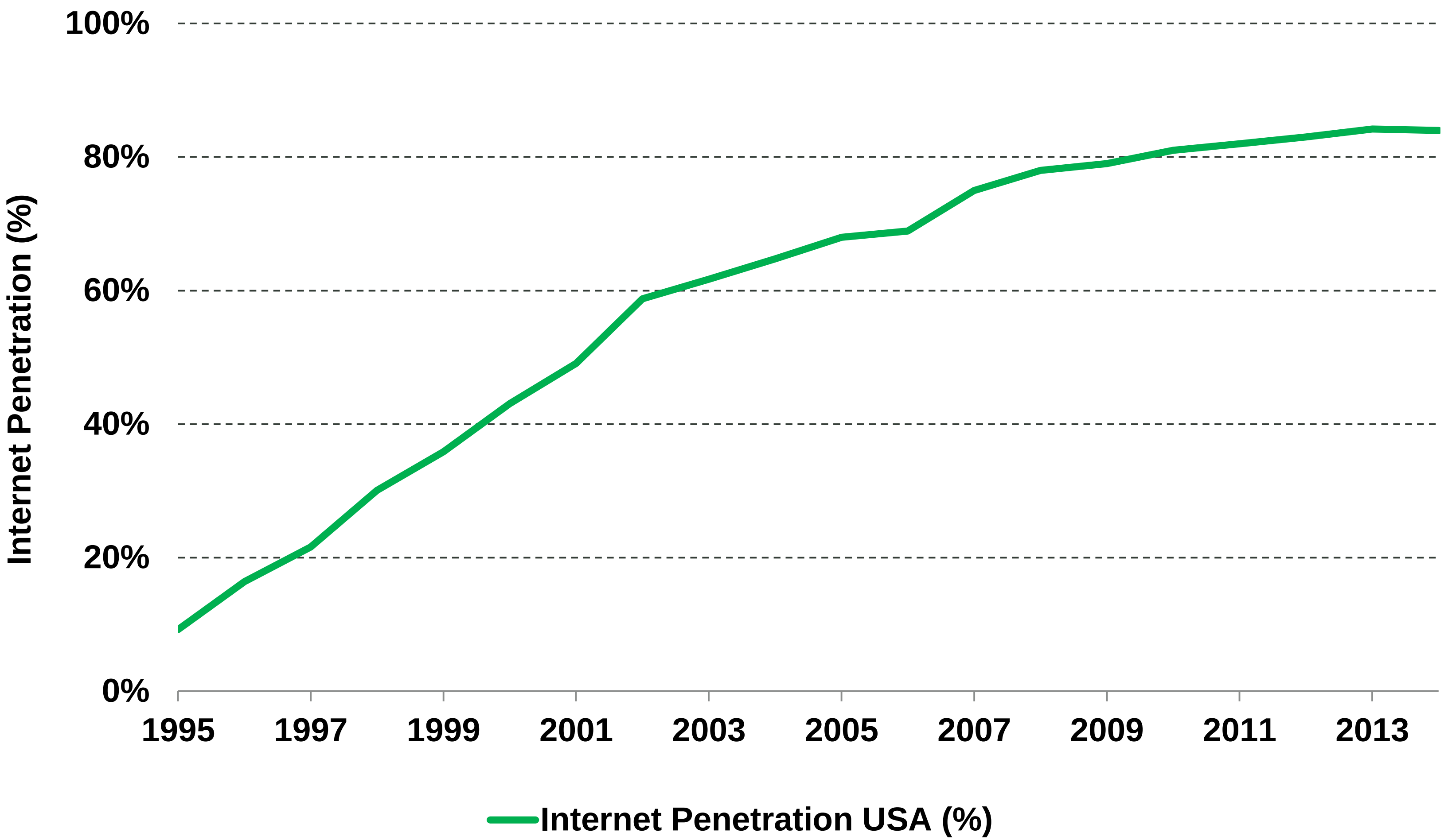


Source: US Census Bureau. Data from 1910-1940 from the US Census. Data from 1947 onwards from the Current Population Survey.
Note: A household consists of all people who occupy a housing unit regardless of relationship. A household may consist of a person living alone or multiple unrelated individuals or families living together.

CONNECTIVITY HAS CHANGED

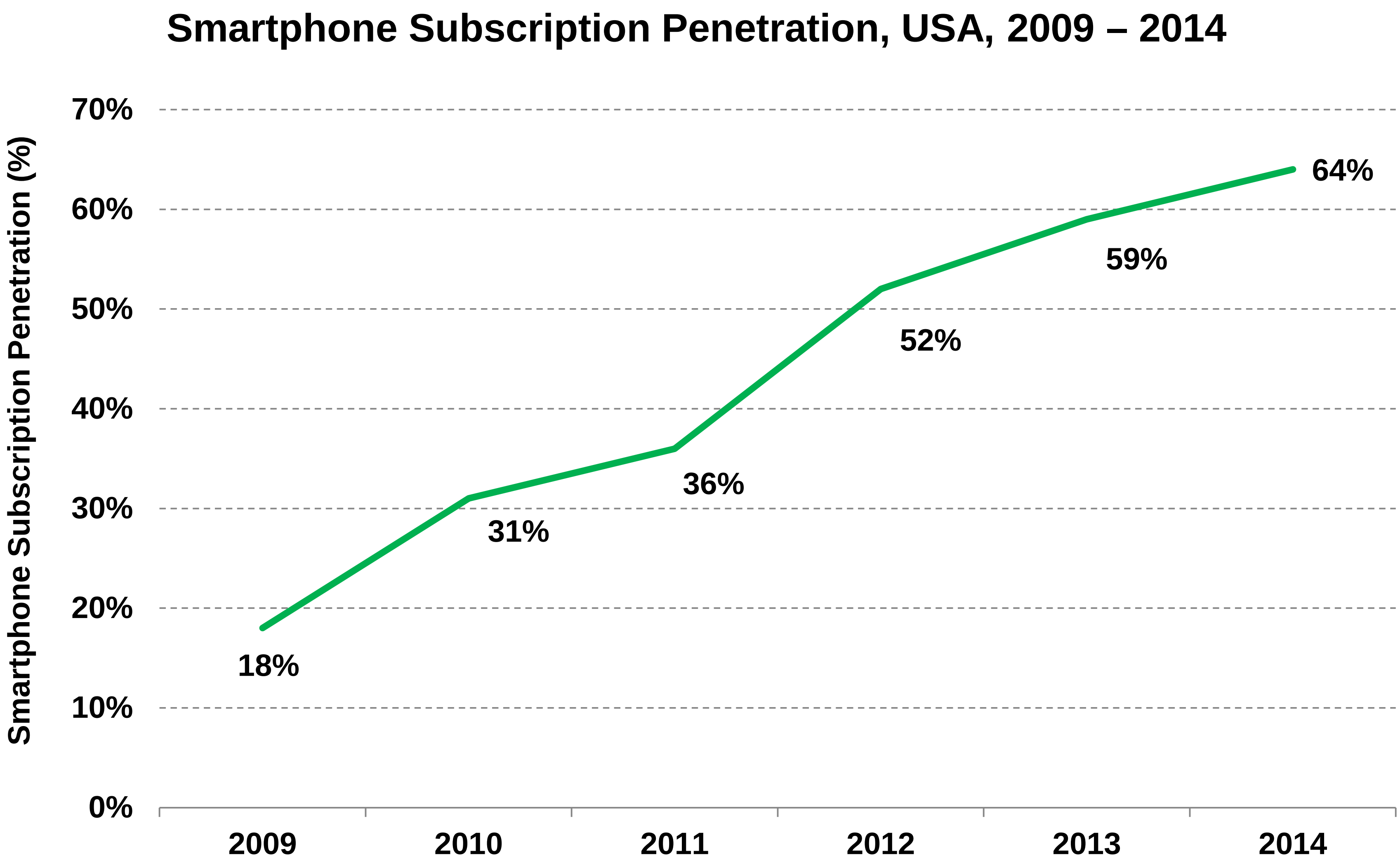
Connectivity (Via Internet) Up Dramatically = @ 84% of Population vs. 9% in 1995...

Percent of Population with Internet Access, USA, 1995 – 2014



Source: World Bank, IDC

...Connectivity (via Mobile Smartphones) Up Dramatically = @ 64% of Population vs. 18% in 2009



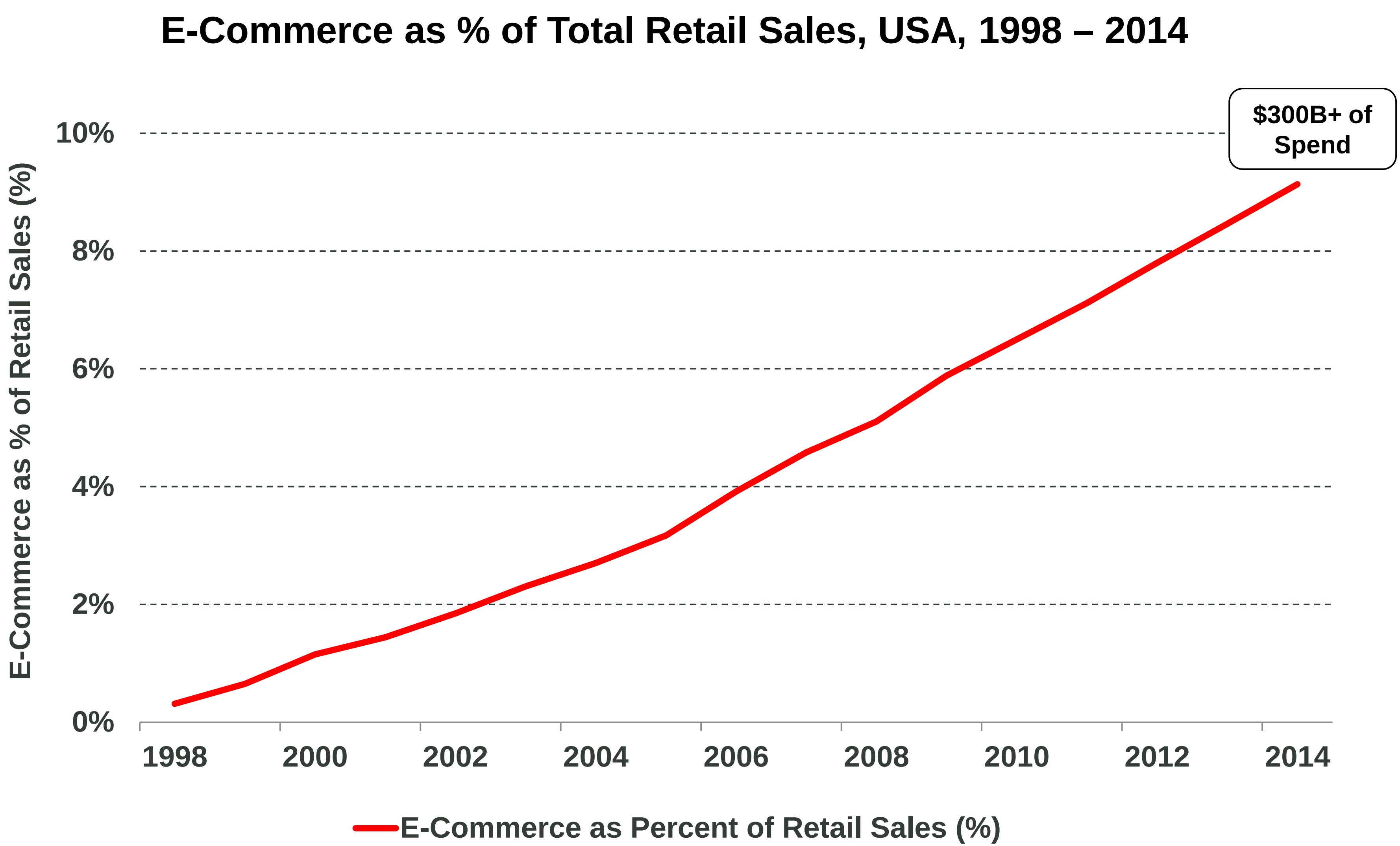
Source: Informa, US Census Bureau.
Smartphone penetration data are based on subscriptions (also referred to as connections), which may overstate actual users for those who have multiple devices or connections.

The Big 20-Year Change =

People Connected 24/7 with Mobile Devices

NEW FORMS OF COMMERCE TRANSFORMING HOW PEOPLE CAN GET PRODUCTS + SERVICES

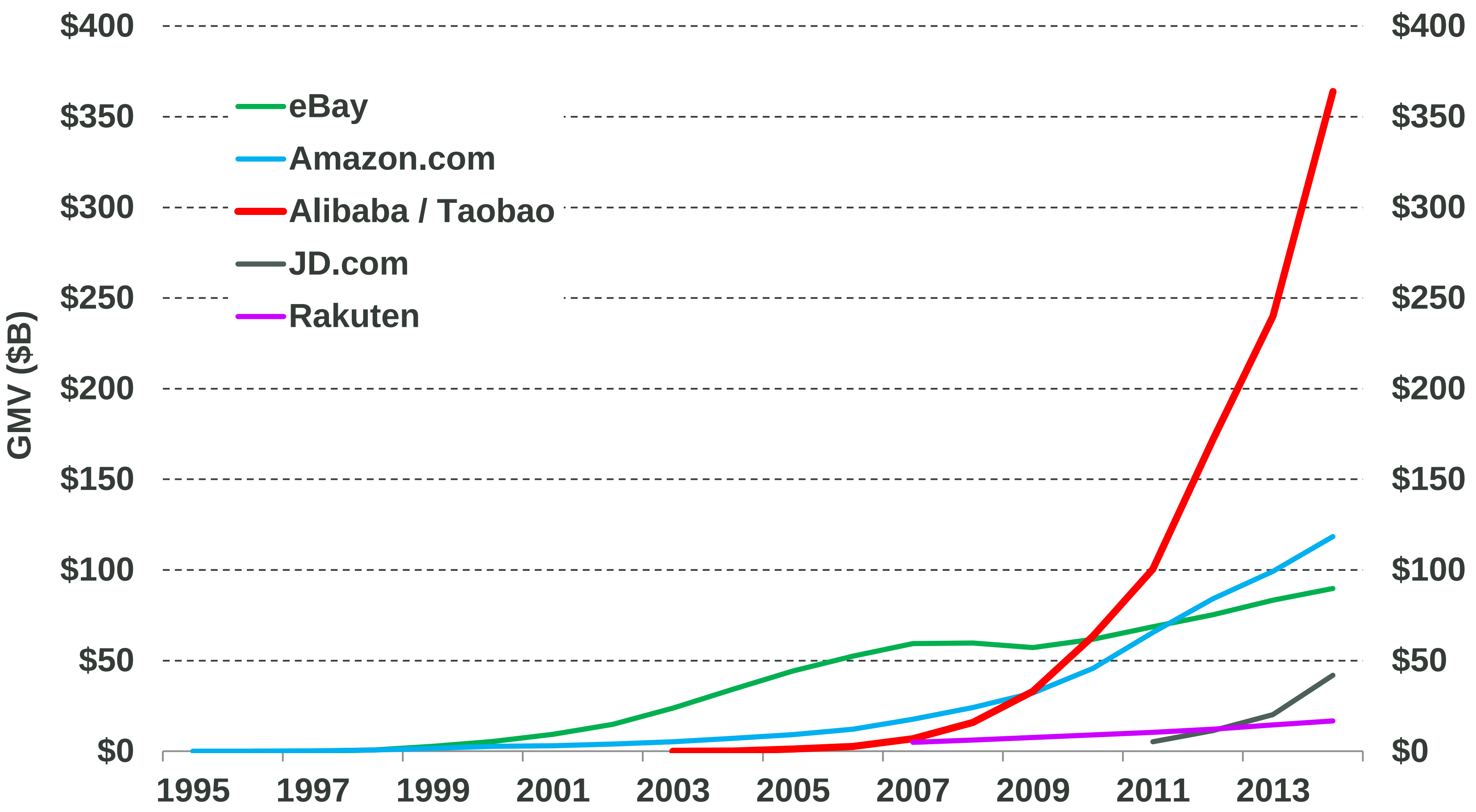
Commerce via Internet Up Dramatically = @ 9% of Retail Sales vs. <1% in 1998



Source: Forrester

1st Generation 'Online Platforms / Marketplaces for *Products* Rising = Optimized for Desktop Internet + Traditional Shipping Delivery

Gross Merchandise Value (GMV), 2014...
Measured by Top 5 Global Public E-Commerce Companies



@KPCB

Source: Companies are eBay, Amazon, Alibaba, JD.com, and Rakuten. Per publicly available company data, Morgan Stanley Research.

Consumers' Expectation
That They Can Get What They Want
With Ease & Speed Will Continue to Rise...

This Changes Fundamental
Underpinnings of Business & Can
Create Rising Demand for Flexible Workers

CHANGES IN CONNECTIVITY + COMMERCE = IMPACT CONSUMPTION & WAYS PEOPLE CAN WORK...
STILL EARLY INNINGS

More People Working in Flexible / Supplemental Jobs

Freelancers = Significant & Growing Portion of Workers @ 53MM People, 34% of USA Workforce

Freelancer Categories*

Independent Contractors	• **21MM People** • *40% of Freelancers*	• Don't have employer...do freelance, temporary, or supplemental work on a project-by-project basis
Moonlighters	• **14MM People** • *27% of Freelancers*	• Professionals with a primary, traditional job who also moonlight doing freelance work
Diversified Workers	• **9MM People** • *18% of Freelancers*	• Multiple sources of income; mix of traditional and freelance work
Temporary Workers	• **6MM People** • *10% of Freelancers*	• Single employer, client, job, or contract project where employment is temporary
Business Owners who Consider Themselves Freelancers	• **3MM People** • *5% of Freelancers*	• Business owners with 1-5 employees

Source: "Freelancing in America," Survey of 5,000 Working Americans commissioned by Freelancer's Union and Upwork (formerly Elance-oDesk), 9/14, USA.
*Freelancer defined as person / business engaged in supplemental, temporary, or project / contract-based work in the past 12 months.
Moonlighters responded that they have one employer and are also doing freelance work on the side to earn additional money. Diversified workers responded that they have multiple sources of income from a mix of traditional employment and freelance work.

Freelancers Use Internet to Get / Do Business

Freelancers* Say...

69% = Social networking has 'drastically changed dynamics of networking'

65% = Internet makes it easier to find work

42% = Have done online freelance project

31% = Can find a gig online in <24 hours

Source: "Freelancing in America," Survey of 5,000 Working Americans commissioned by Freelancer's Union and Upwork (formerly Elance-oDesk), 9/14, USA.
*Freelancer defined as person / business engaged in supplemental, temporary, or project / contract-based work in the past 12 months.

Internet Enabling Commerce in Increasingly Efficient Ways

eBay SMBs = 95% engage in export vs. <5% of USA businesses

Setting up export businesses historically required significant investment.

Etsy sellers = 35% started business without much capital investment, compared to 21% for small business owners.

Only a smartphone needed to set up a listing and become an Airbnb host. Hosts can get set up in minutes.

formerly oDesk

Ability for businesses to access talent quickly – time to hire averages 3 days on Upwork vs. longer time for traditional hiring.

Car + smartphone + quick onboarding to be UberX driver-partner vs. materially more to purchase medallion (or equivalent) to be a Taxi driver.

SoundCloud Creators can use mobile devices to record / distribute audio content within minutes.

Thumbtack professionals pay $3-15 per introduction to services leads they are interested in vs. buying ads in directories monthly or yearly.

Stripe Connect powers most marketplace businesses and enables coordination of transactions between buyers and sellers.

Source: "2015 US Small Business Global Growth Report," 2015. Published by eBay.
"Redefining Entrepreneurship: Etsy Sellers' Economic Impact", 11/13. Published by Etsy. Survey measured 5,500 USA-based sellers on Etsy's marketplace.
"Elance-oDesk Relaunches as Upwork, Debuts New Freelance Talent Platform," 5/15.
Airbnb, Thumbtack, Stripe.

Rise of Connectivity +
Online Marketplaces / Platforms =

Helping People
Earn Income &
Work on Own Terms

Online Platforms Enabling Steady Growth in *Product* Commerce & Enabling Rapid Growth in *Service* Commerce

Product Commerce

Alibaba.com	***8.5MM+ Sellers***
amazon.com	***2MM+ Third-Party Sellers***
ebay	***25MM+ Sellers***
Etsy	***1.4MM+ Active Sellers +26% Y/Y***

Service Commerce

airbnb	***35MM Total Guests All-Time – nearly 25MM in Last Year***
UBER	***~1MM+ Driver-Partners +6x Y/Y***
upwork formerly oDesk	***10MM+ Freelancers +63% 5-Year CAGR***

Source: Alibaba. Active sellers only includes 3 China retail marketplaces: Tmall, Taobao, Juhuasuan, Q2:14 (LTM). eBay, 2014. Amazon, Q1:15 earnings call; sellers refer to worldwide active seller accounts. Etsy, Q1:15 public filings; active sellers defined as those who have incurred at least one charge from Etsy in the last 12 months. Upwork (formerly Elance-oDesk) database, 2015. 10MM+ is cumulative registered freelancers. Uber, 2015. Airbnb, 2015.

People Typically Use Online Platforms

to

Find Extra Income & Flexibility

Many People =
Use Online Platforms / Marketplaces to Supplement Income

Select Online Platforms – Personal Impact

airbnb

- **72%** = NYC hosts depend on Airbnb earnings to **pay rent / mortgage**...50%+ = NYC hosts are freelancers or other non-traditional workers supplementing income...
- **80-90%** = Global Airbnb hosts occasionally rent out their own home to **supplement income**

Etsy

- **82%** = Sellers are **part-time** (ie: have jobs outside of Etsy)
- **26%** = Sellers have full-time jobs (outside of Etsy)...48% = independent / part-time / temporary workers
- **36%** = Use Etsy earnings to **cover household expenses**...24% for discretionary spend

Thumbtack

- **37%** = Pros are part-time with income supplemented by other sources

UBER

- **74%** = Drive to **maintain steady income** as other income sources unstable / unpredictable
- **61%** = Have another job...31% = full-time on another job; 30% = part-time job apart from Uber; 38% = no other job

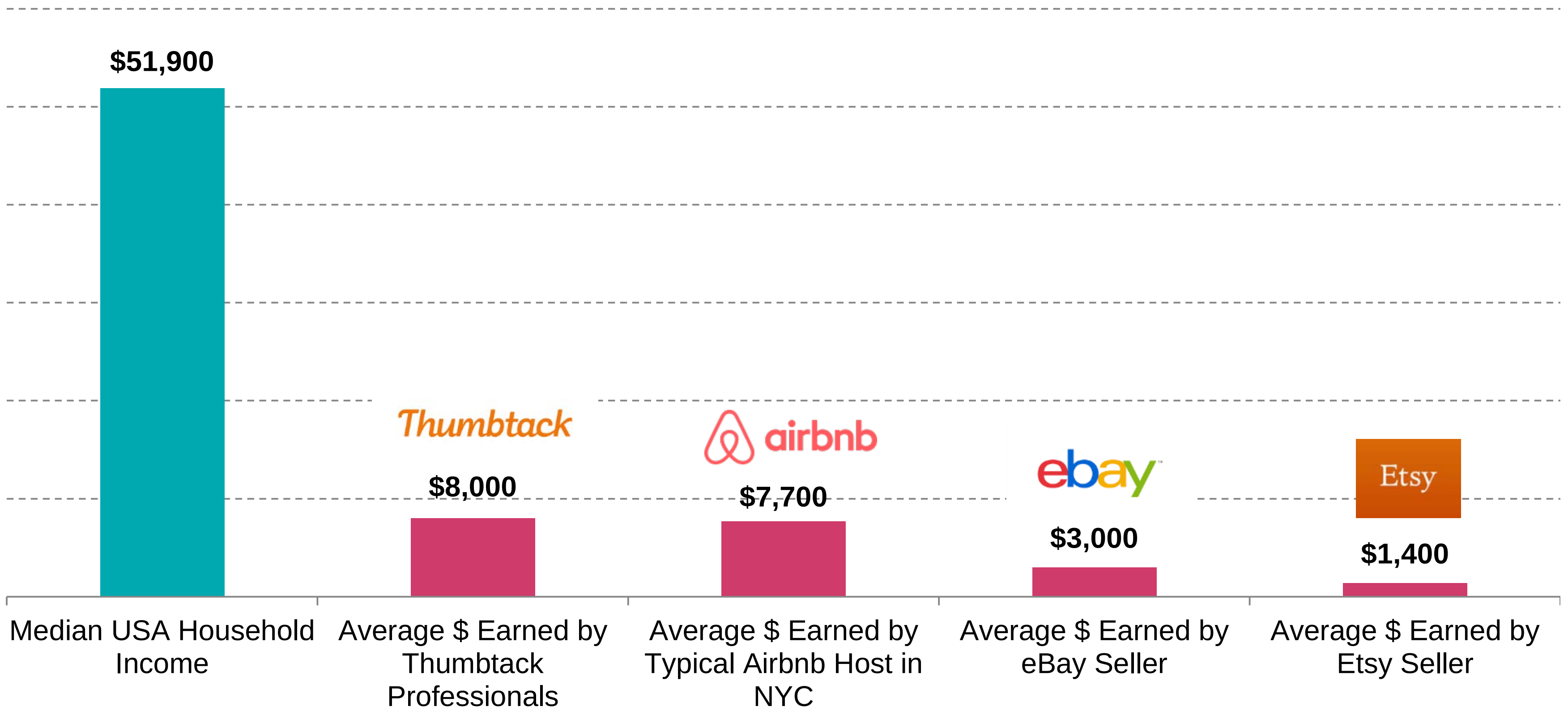
Upwork formerly oDesk

- **68%** = People who said **earning extra money is a motivation for freelancing**
- **80%** = Non-freelancers willing to do work outside primary job to make more money
- **60%+** = Freelancers provide at least 1/2 household income

Source: "An Analysis of the Labor Market for Uber's Driver-Partners in the United States," Uber, 1/15. Note Uber data are USA only.
"The Tremendous Impact of Airbnb in New York," Airbnb, 5/15. Additional data are from Airbnb.
"Redefining Entrepreneurship: Etsy Sellers' Economic Impact", 11/13. Published by Etsy. Survey measured 5,500 USA-based sellers on Etsy's marketplace. Note Etsy data is USA only.
Upwork (formerly Elance-oDesk) Annual Impact Report, 2014.
"Freelancing in America," Survey of 5,000 Working Americans commissioned by Freelancer's Union and Upwork (formerly Elance-oDesk), 9/14. USA.
Thumbtack, 2015.
Note percentages may not add up to 100% owing to rounding.

Online Platform / Marketplace Income = Material for Many People

Average Annual Earnings – Selected Online Platforms



Source: US Census Bureau Historical Income Tables.
Etsy, Q1:15; calculated as LTM Gross Merchandise Sales divided by Q1:15 active sellers.
Airbnb Economic Impact Study, New York City, 5/15. Airbnb income represented is before taxes.
eBay, 2014; calculated as Gross Merchandise Value divided by number of sellers.
Thumbtack, 2015.

Many People =
Use Online Platforms / Marketplaces to Find Flexibility

Select Online Platforms – Views on Flexibility

Etsy

- **55%** = Sellers motivated to set up shop for greater flexibility (for self / family)

UBER

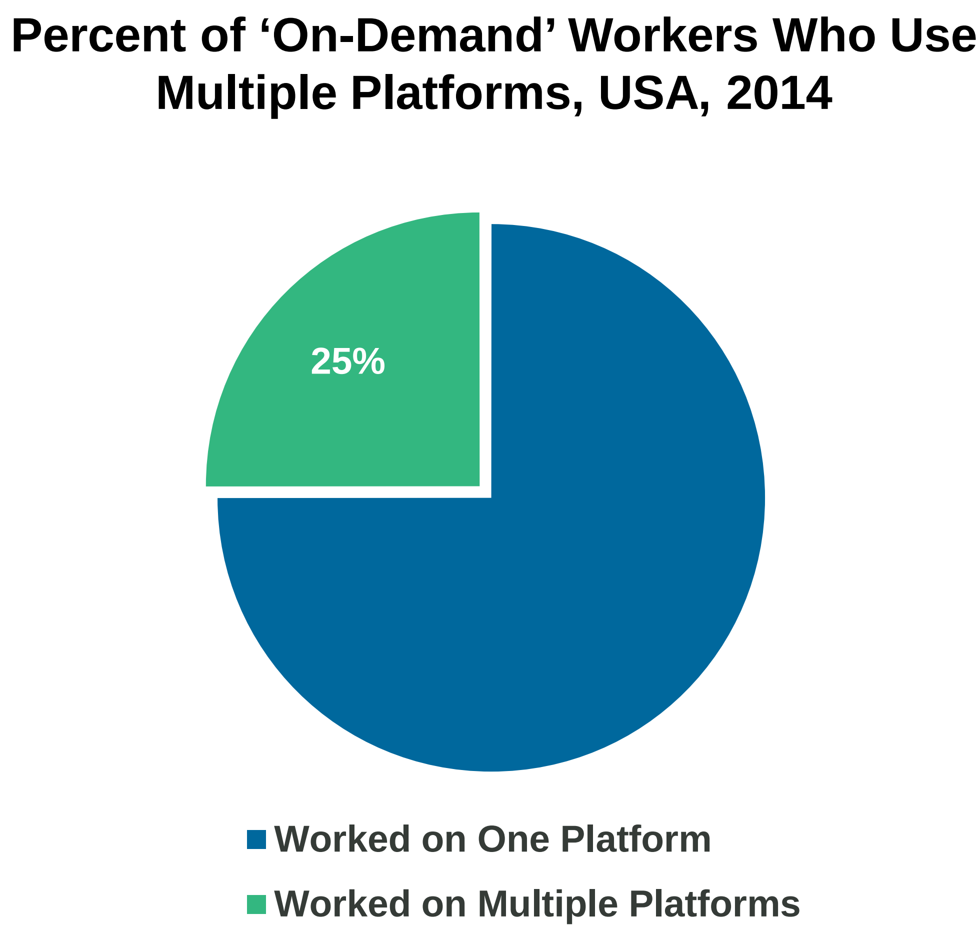
- **87%** = Driver-partners like Uber because they can be own boss / set own schedule

upwork formerly oDesk

- **#2** = Rank of flexibility among motivations for freelancing
- **92%** = Freelancers who agree they have more freedom to work wherever

Source: "An Analysis of the Labor Market for Uber's Driver-Partners in the United States," Uber, 1/15. Note Uber data are USA only.
"Redefining Entrepreneurship: Etsy Sellers' Economic Impact", 11/13. Published by Etsy. Survey measured 5,500 USA-based sellers on Etsy's marketplace. Note Etsy data is USA only.
"Freelancing in America," Survey of 5,000 Working Americans commissioned by Freelancer's Union and Upwork (formerly Elance-oDesk), USA, 9/14.
"Millennials and the Future of Work," a study commissioned by Upwork (formerly Elance-oDesk), USA, 5/13.

25% of 'On-Demand' Workers = Use Multiple Platforms



Source: MBO Partners and Emergent Research, "Independent Workers and the On-Demand Economy", USA, 4/15.
MBO Partners defines workers in the in the "On-Demand Economy," as those who generate economic activity through the use of online platforms and marketplaces that help customers quickly connect and transact with suppliers of goods and services. These include services like Airbnb, Uber, Lyft, Handy, Etsy, TaskRabbit, and many others.
* NOTE: MBO study only includes on-demand workers who devote at least one hour per week to an on-demand platform. Those who use these platforms less frequently are not counted. Figure has been de-duplicated.

Growth in Online Platforms / Marketplaces =

Creates Benefits & Challenges

Online Platforms / Marketplaces = Benefits & Challenges for Consumers

Benefits

Choice / Access – product depth + breadth...availability of goods / services / experiences previously hard to find / reach

Time Savings – can offset incremental costs, if any

Transparency – ability to research / set expectations / track process

Personalized – can get items / services on own schedule

Online Reputation & Trust Systems Often in Place – ability to read & write reviews / ratings for merchants & service providers

Challenges

Time / Cost Tradeoff – Products with rapid delivery may be more expensive

Quality – unable to test products / services...reliant on feedback from peers / reviews

Trust – new marketplaces must prove trustworthiness to consumers

Time / Convenience Tradeoff – Convenience of delivery to home / work may mean delaying gratification of getting product immediately

Source: Various.
This list is meant to be general, it is not mutually exclusive or collectively exhaustive. Some platforms / marketplaces may possess all these elements, while others will possess only a few.

Online Platforms / Marketplaces = Benefits & Challenges for Workers

Benefits

Financial – ability to earn supplemental / primary income

Flexibility – choose own schedule / task, location / income goals-targets

Skill Set Match – can often effectively match skills with needed services

Feedback / Communication – often real-time / direct

Data – customer location + data can allow workers to provide more informed / efficient service

Customer Base – marketplaces can aggregate demand that may be fragmented / far-reaching (global)

Growth – rising sector demand for services should boost opportunities / competition for workers

Challenges

Incumbent Displacement – creates change / uncertainty

Financial – lack of predictable income possible

Uncertainty – lack of clarity related to demand / work / reporting possible

Benefits Clarity – insurance / vacation / sick leave / pension...

Asset Use – potential job requirement to use personal items (cars / phones...)

Training / Development – potentially limited training / development / supervision

Workplace Culture – people often dispersed

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Source: Various.
This list is meant to be general, it is not mutually exclusive or collectively exhaustive. Some platforms / marketplaces may possess all these elements, while others will possess only a few.

ONLINE MARKETPLACE / PLATFORMS = REGULATORY FOCUS EVOLVING

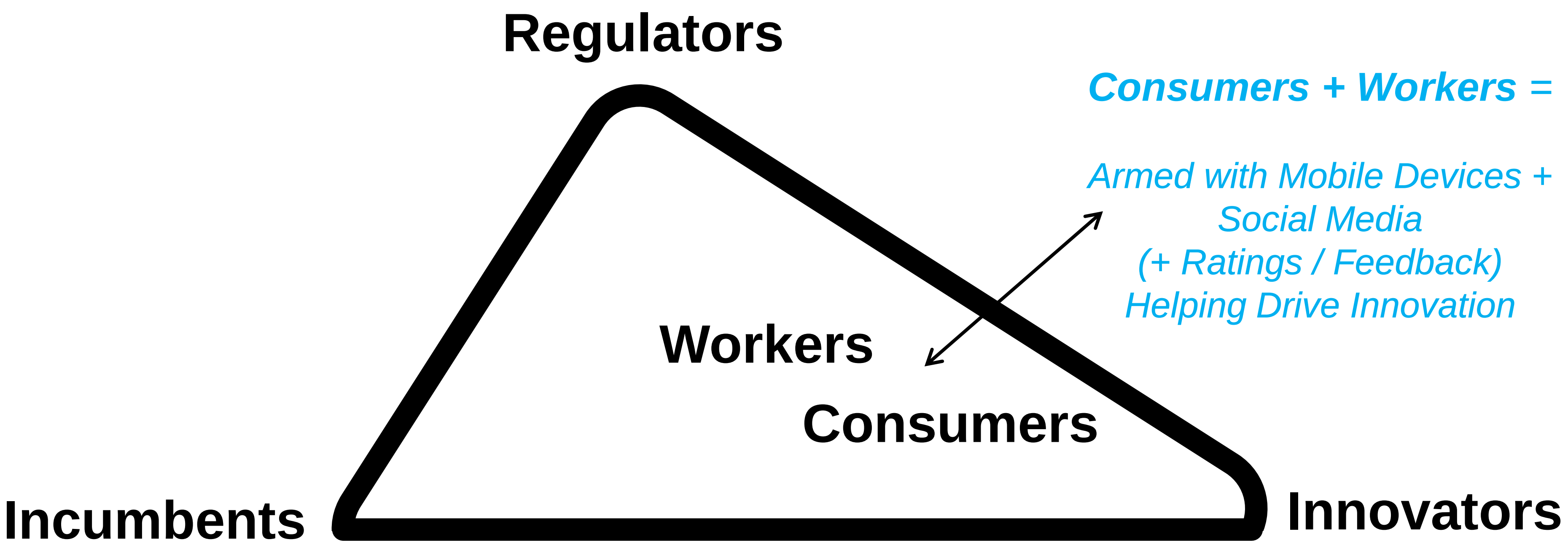
Traditional Challenge / Opportunity = Incumbents ⇔ Regulators ⇔ Innovators...

Regulators

Incumbents

Innovators

...*Evolving* Challenge / Opportunity =
Incumbents ⬄ Regulators ⬄ Innovators



Consumers + Workers =

Armed with Mobile Devices + Social Media (+ Ratings / Feedback) Helping Drive Innovation

Innovative Online Platform / Marketplace Business Models = Capturing Attention of Incumbents + Regulators + Policy Makers + Plaintiffs Lawyers

- ***Airbnb Emerges Victorious as New York City Regulators Overturn Host's $2,400 Fine***
  – The Verge, 9/13
- ***Artist Sued for 'Subletting' Loft on Airbnb***
  – New York Post, 6/14
- ***Sharing Economy Faces Patchwork of Guidelines in European Countries***
  – NY Times, 9/14
- ***State Regulator Says Uber meets Florida Insurance Requirement***
  – Tampa Bay Times, 10/14
- ***Handy.com Housecleaners' Lawsuit Could Rock On-Demand Companies***
  – SF Gate, 11/14
- ***Uber, Lyft Lawsuits Could Spell Trouble For the On-Demand Economy***
  – CNN, 3/15

Uber, Lyft... = Facing Confusion in Regulatory Environment Related to Worker Classification System

California law defines whether workers are employees or independent contractors, and there's a test, but ***the test and classification system are woefully outdated****...*

...It seems to me, as a matter of common sense, that Lyft ***drivers don't fall into the traditional understanding of [the two classifications]. They seem to fall into a third category....***

The jury in this case will be handed a square peg and asked to choose between two round holes. ***The test the California courts have developed over the 20th Century for classifying workers isn't very helpful in addressing this 21st Century problem...***

- Judge Vince Chhabria, U.S. District Judge Presiding Over Cotter vs. Lyft Inc., et al

**Note that Lyft was eventually denied motion for summary judgement & case will need to be decided by a jury.*

Source: Cotter vs. Lyft Inc., et al Order Denying Cross-Motions for Summary Judgment, 3/15.
National Law Review, 3/15

Airbnb = Facing Confusion in Regulatory Environment Related to Myriad of Local Laws on Hotels / Short-Term Rentals

*...this is amazing, but **it's also complicated because there are laws that were written many decades ago** – **sometimes a century ago** – that said,*

'There are laws for people and there are laws for business.' What happens when a person becomes a business?

*Suddenly these laws feel a little bit outdated. **They're really 20th-century laws, and we're in a 21st-century economy.***

- Brian Chesky, Co-founder and CEO of Airbnb, 11/14

Source: "The Future of Airbnb in Cities," McKinsey & Company Interview with Brian Chesky (Cofounder and CEO of Airbnb), 11/14.

StubHub = Faced Confusion in Regulatory Environment & Proved Marketplaces Can Be Regulators' Allies

Original Intent of Anti-Scalping Laws (passed in 1920s) = Protect Consumers...

...the law 'merely prohibits' scalpers and ticket brokers from charging excessive prices and thereby 'end[s] the extortion' of the public...

StubHub When Founded in 2000 = Faced Many Anti-Scalping Law Barriers...

>20 states prohibited some form of ticket resale...for example, Alabama / Massachusetts require licenses...in Indiana, one couldn't sell tickets to boxing matches...

StubHub in 2015 = Legal in Nearly All States & Has Helped Provide...

- ***Marketplace Liquidity** = Can help prevent excessive pricing ('extortion of public')*
- ***Trust & Safety / Transparency** = Likes of ratings / feedback systems can help find / remove bad actors*

With passage of time (& collaboration), StubHub has helped regulators do their jobs – effectively regulate what they had intended to regulate all along.

Source: "Lessons from a Scalper" by David Harrington, Kenyon College, Spring 2009.
"A Brief Overview on Ticket Scalping Laws, Secondary Ticket Markets, and the StubHub Effect," Entertainment and Sports Lawyer, 11/12.

PEOPLE + SYSTEMS + REGULATIONS / POLICIES =
NEED TO EVOLVE / ADAPT TO MORE CONNECTED SOCIETY

High-Level Summary...

- **Job Market** – Has been more difficult & work has been harder to find for many
- **Benefits** – Traditional employer-provided benefits like health insurance & retirement plans falling...Recipients of government benefits rising
- **Millennials** – Have different expectations for work than previous generations, for now...Shaped, in part, by Great Recession
- **Connectivity** – Has created efficiencies & changed work for many
- **Work** – Alternative work arrangements (including freelancing) increasing...Competition for workers may rise with demand

...High-Level Summary

- **Online Platforms / Marketplaces Growing Rapidly** – Creating new work opportunities & challenges for individuals...These will continue to rise, similar to trends / impact from first-generation Internet companies, potentially faster / broader

- **Need to Shape Direction & Evolve Policies & Laws** – Industry participants (workers / businesses / governments) need to work together to be more aligned with rapidly emerging ways of doing business & creating work & recognize that emerging technologies / marketplaces can help solve for consumer & worker welfare

- **Innovative Online Platforms / Marketplaces Stand to Continue to Benefit Consumers** – As evinced by strong demand for their products & services...

- **Impact of Social Media (+ Feedback / Ratings) Should Not be Underestimated** – Empowered consumers increasingly – in effect – take elements of consumer protection into their own hands

BIG INTERNET MARKETS =

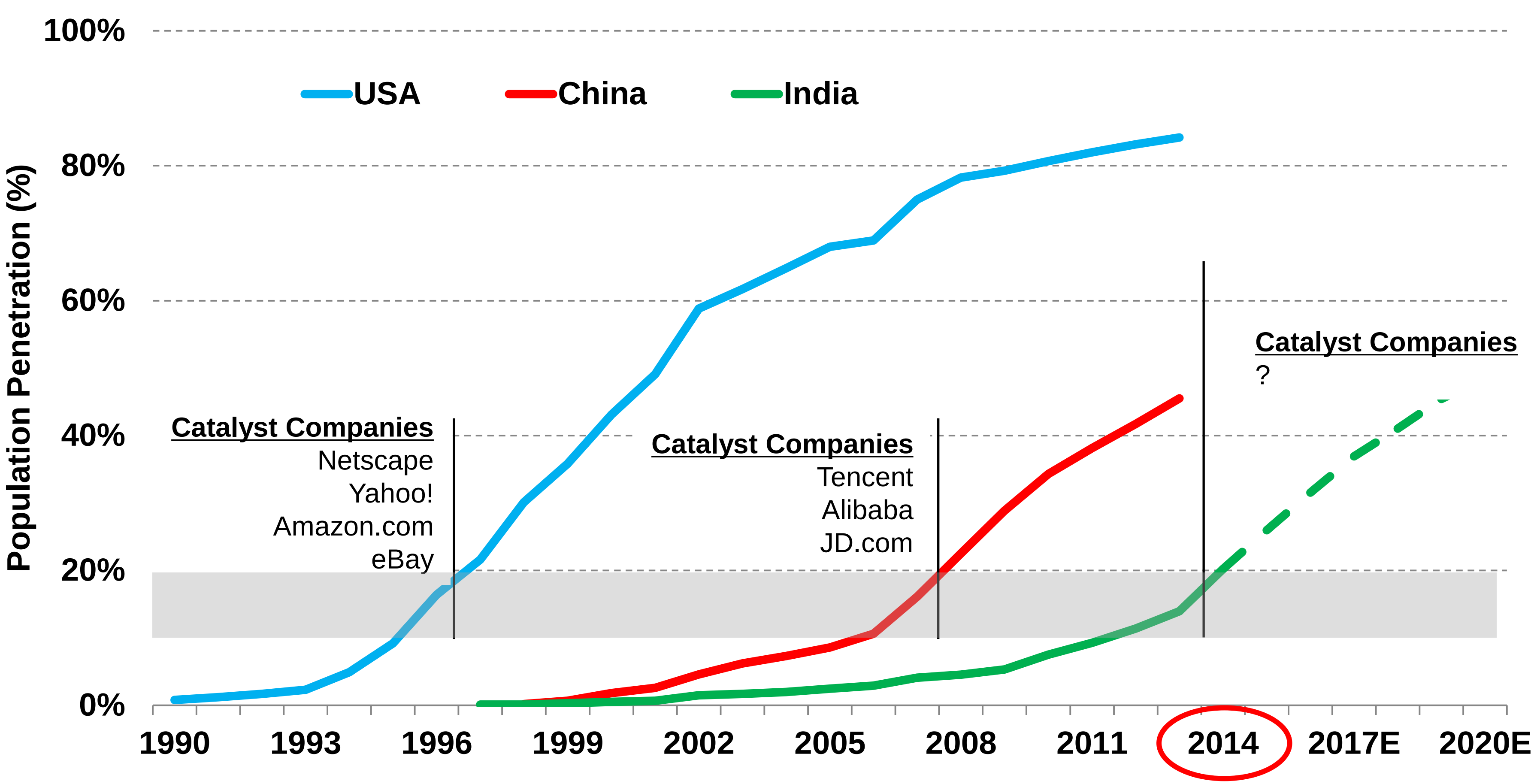
– CHINA = #1 IN SHEER MASS…
– INDIA = #1 IN NEW USER ADDITIONS

Large Scale
Internet Adoption History =

USA → China…
India Next?

India = Appears to Be @ Internet Penetration Growth Inflection

Internet User Penetration Curve, USA / China / India, 1990 – 2020E



Source: World Bank, Hillhouse Capital forecast for India beyond 2014.

Hillhouse Capital

India =

232MM Internet Users (+37% Y/Y)...
3rd Largest Market

Top Country in New Internet User Adds per Year (+63MM in 2014)

Source: IAMAI, 2014 year-end India Active Internet User (has used the Internet at least once in the last one month). Note: China is the largest Internet market in the world with 629MM Internet users at the end of 2014; China was the 2nd largest market in 2014 in Internet user additions per year, with 31 million Internet user additions. Figures here are year-end and may not match other figures in presentation, which are mid-year figures.

India = Often #1 or #2 MAU Market for Global Internet Leaders

Facebook

India = 2nd Largest Market @ 112MM MAUs, 8% of Global MAUs, 9/14

USA & Canada = Largest Markets @ 210MM MAUs, 3/15

LinkedIn

India = 2nd Largest Market @ 24MM MAUs, 8% of Members, 2/14

USA = Largest Market @ 100MM Members, 4/14

WhatsApp

India = Largest Market @ 70MM...10% of Global MAUs, 11/14...

Global MAUs = 800MM, 3/15

Twitter

India = Fastest Growing User Market, 3/15

YouTube

70MM Users in India, ~7% of Global Users

Amazon

"Amazon Announces Additional $2 Billion Investment in India," 7/14

Source: Facebook, WhatsApp (per Facebook earnings call and statement by Neeraj Arora of Whatsapp), LinkedIn (per Company blog, press release, and earnings), Amazon, Twitter. YouTube data per Google.

Top India Android Apps =
1) WhatsApp 2) Facebook 3) MX Video Player 4) Facebook Messenger 5) Truecaller

Top Android Apps by Usage, India, Q1:15

1	WhatsApp	6	Candy Crush Saga
2	Facebook	7	Opera Mini
3	MX Player	8	Hike Messenger
4	Messenger	9	Subway Surfers
5	Truecaller	10	Cricbuzz Cricket Scores & News

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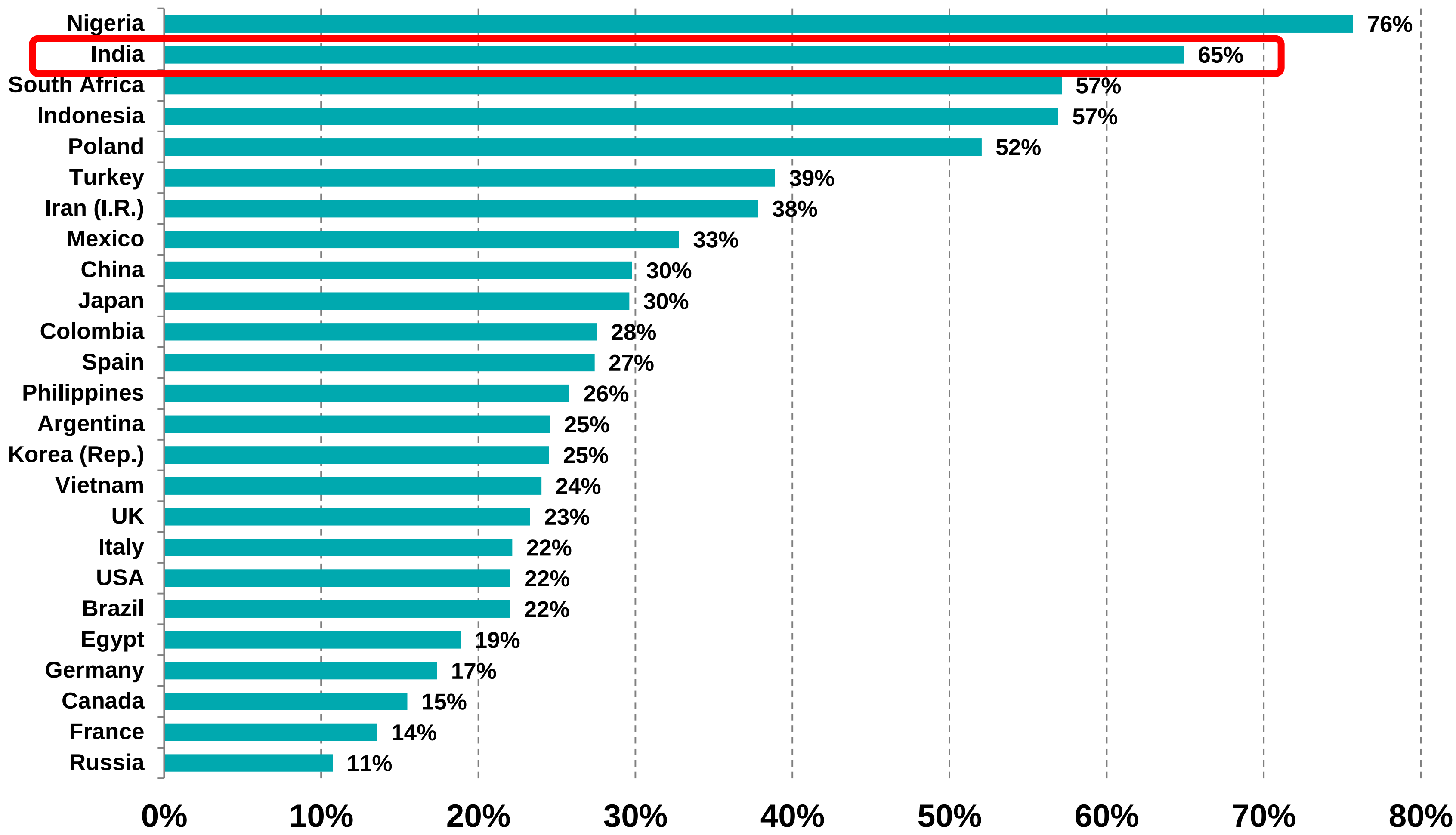
Source: Quettra, Q1:15. Data ranked based on usage.
Quettra analyzes 75MM+ Android users spread out in more than 150 countries, collecting install and usage statistics of every application present on the device. Q1:15 data analyzed three months of data starting from 1/1/15. Data excludes Google apps and other commonly pre-installed apps to remove biases. Only apps with 10K+ installs worldwide and 100+ DAU are counted.

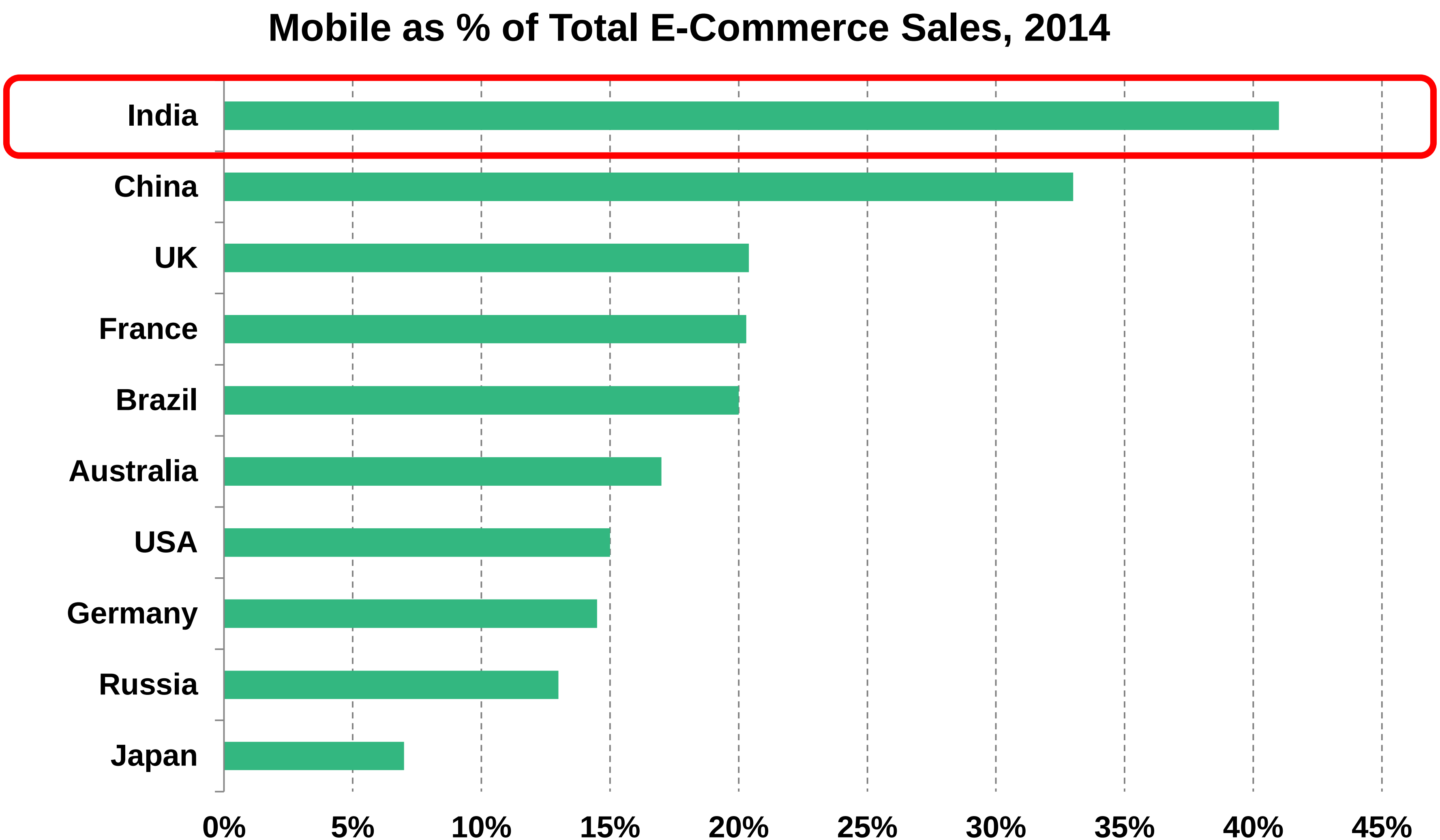
Mobile = 65% of India Internet Traffic...
More Mobilized vs. Most Other Countries

Mobile % of Total Internet Traffic by Country, 5/15



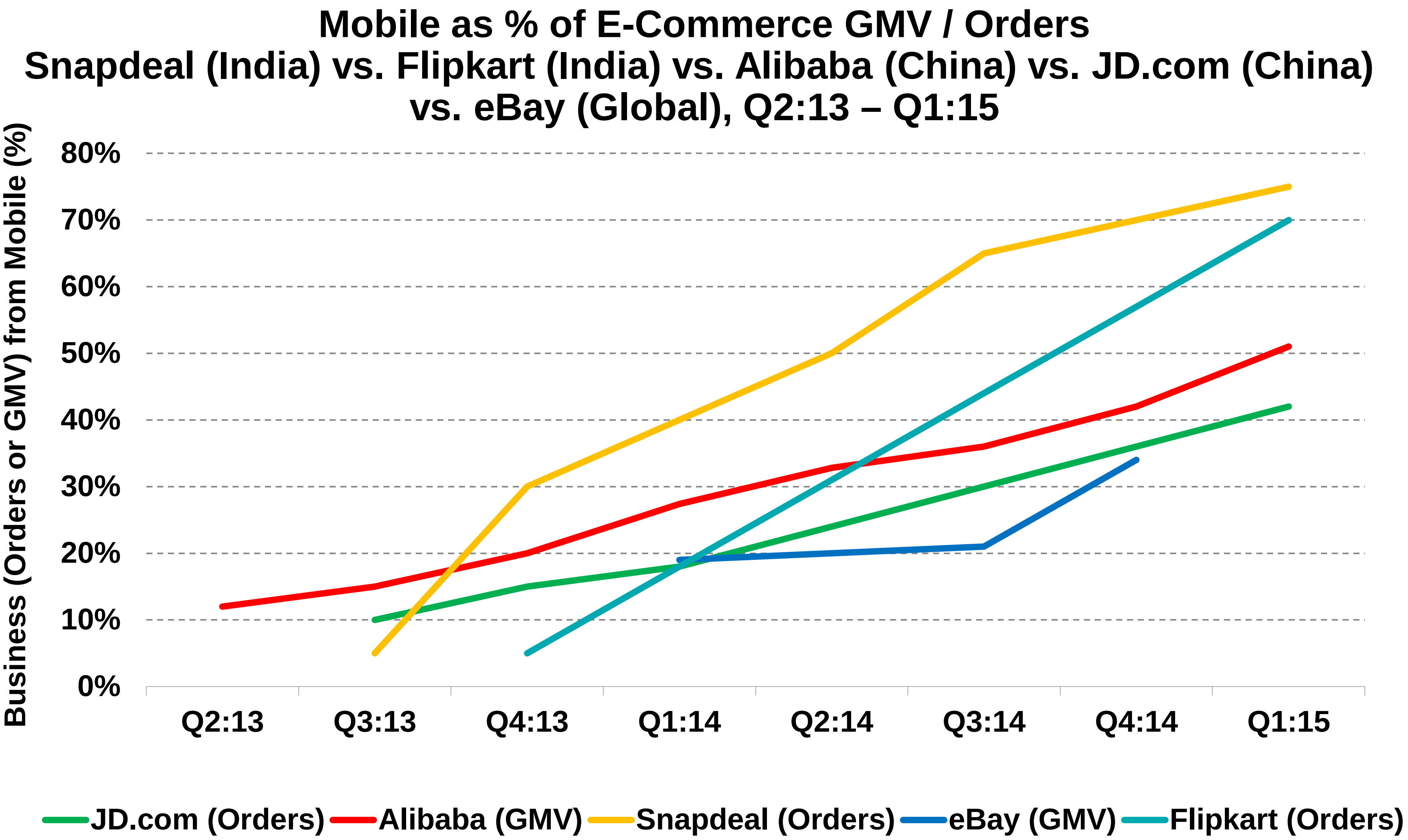
Source: Statcounter, 5/15.

Mobile = 41% of India E-Commerce...
= More Mobilized vs. Most Other Countries*



*Mobile e-commerce penetration defined as % of total e-commerce sales made via mobile devices.
Source: Morgan Stanley Research.

India E-Commerce Leaders = More Mobilized vs. Global Leaders



Source: Flipkart, Public filings (JD.com, Alibaba.com, eBay.com). Snapdeal data per public statements from Kunal Bahl (CEO). JD.com, Snapdeal, and JD.com based on order volume; Alibaba and eBay based on gross merchandise value (GMV). Flipkart data shown as a trendline from 5% in Q4:13 to 70% in Q1:15.

PUBLIC & PRIVATE COMPANY DATA

Global Internet Public Market Leaders = Apple / Google / Alibaba / Facebook / Amazon / Tencent...

Rank	Company	Region	2015 Market Value ($B)	2014 Revenue ($MM)
1	Apple	USA	$764	$199,800
2	Google	USA	373	66,001
3	Alibaba	China	233	11,417
4	Facebook	USA	226	12,466
5	Amazon	USA	199	88,988
6	Tencent	China	190	12,727
7	eBay	USA	73	17,902
8	Baidu	China	72	7,909
9	Priceline Group	USA	63	8,442
10	Salesforce.com	USA	49	5,374
11	JD.com	China	48	18,543
12	Yahoo!	USA	41	4,618
13	Netflix	USA	38	5,505
14	LinkedIn	USA	25	2,219
15	Twitter	USA	24	1,403
16	Yahoo! Japan	Japan	23	3,441
17	Rakuten	Japan	23	4,996
18	NetEase	China	19	1,889
19	Naver	Korea	17	2,527
20	Vipshop	China	15	3,774
Total			$2,513	$479,939

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Source: CapIQ. 2015 market value data as of 5/22/15.
Note: Colors denote current market value relative to Y/Y market value. Green = higher. Red = lower. Purple = newly public within last 12 months.

Technology-Related Company Investing Observations

- **Booms / Busts** – In periods of material business disruption – like those brought about by the evolutions of the Internet – company creation typically goes through a boom → bust → boom-let cycle while wealth creation typically goes through a boom-let → bust → boom cycle.

- **Valuations** – There are pockets of Internet company overvaluation but there are also pockets of undervaluation – the one rule is that very few companies will win – those that do – can win big.

- **Platforms** – Race is won by those that build platforms & drive free cash flow over long-term (a decade or more).

- **Free Cash Flow** – Value of a business, over time, is the present value of its future cash flows.

RAN OUTTA TIME THOUGHTS

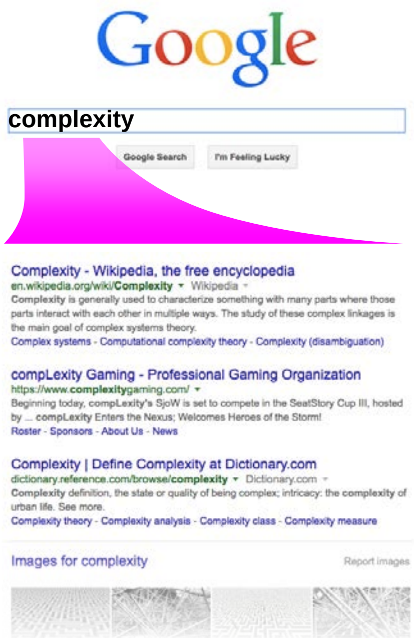
Re-Imagining

Design / User Experience

Key Design Concepts That Have Made a Difference… per John Maeda…

Google Search

Hide complexity behind a simple door

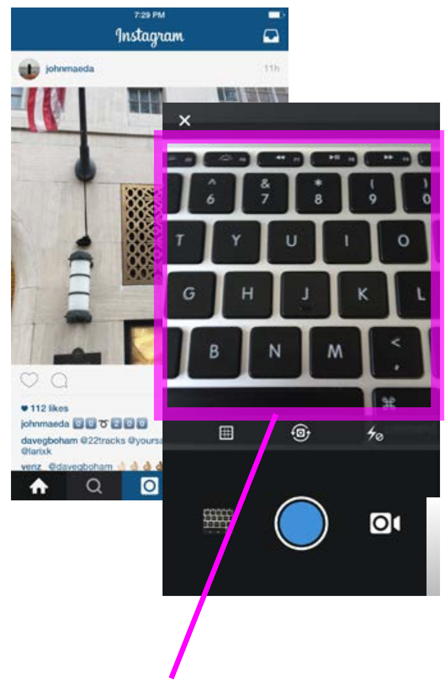


The longstanding discipline by Google to keep the homepage limited to a single search box has been key to maintaining its simplicity. Once a search term is typed into Google, it gets complex really quickly -- but you don't notice it at first.

Analogy: The Motorola Startac phone introduced a clamshell design that hid all the complexity -- to be revealed only when used.

Instagram

Remove choice to make things simpler

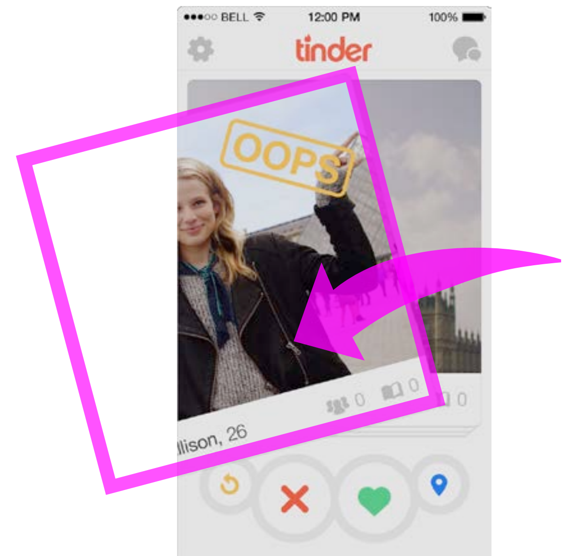


By removing the need to choose portrait versus landscape mode, Instagram made it easier for the user. Only square photos could be taken on Instagram -- which were uncommon at the time and could stand out. Instagram made things easy.

Analogy: Similar to when Steve Jobs removed the extra buttons on a mouse to have only one button. In doing so, the Mac became known for simplicity.

Tinder

Iconic gesture for choosing "thumbs up/down"



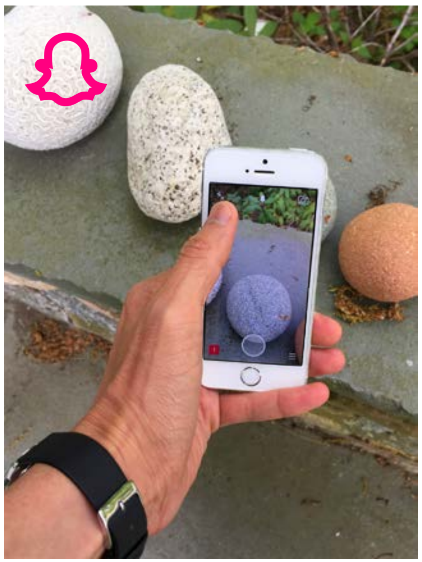
Traditional computers are grounded in the one- or two-button mouse -- which tends to promote "clicking" and minimal dragging. The touch screen introduced a new element: swiping. When supported by animation, it speaks of power.

Analogy: The "slide to unlock" feature on the Apple iPhone introduced the idea of translating an emphatic motion to a button press.

...Design Elements That Have Made a Difference... per John Maeda

Snapchat

Start with the activity to bias towards

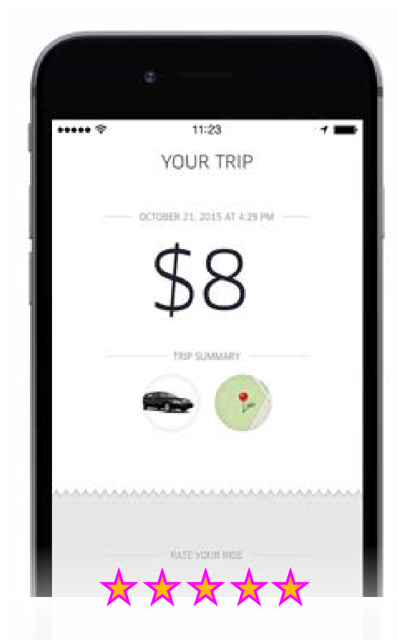


Most imaging applications asked to turn on the camera, whereas Snapchat began the interaction in live camera mode. The invitation to snap a photo was immediate; and the secretive, self-destruct feature completed the addictive loop.

Analogy: A hammer's handle invites you to grasp it. In the design world that's called an object's "affordance" — it primes how you might use it.

Uber

Entirely remove a constraint with technology

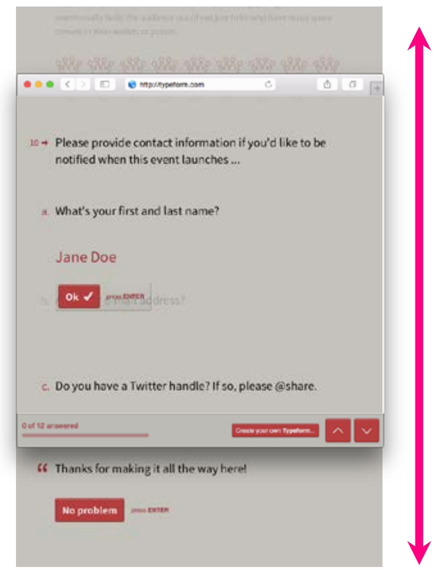


Removing cash or a card payment from a taxi transaction was a huge technical innovation that achieved a better designed outcome. It's often easy to hope that design can solve a fundamental problem — technology is what enables quantum leaps.

Analogy: When cars were rear-wheel drive, the "hump" in the back seat was a bummer. Front-wheel drive cars completely removed that constraint.

Typeform

Sustain overall context so user is aware where (s)he is



By keeping the entire interaction in view, and easily referred to within a vertical scroll, the experience of inputting information feels less like the computer is in control; and leads to completion rates of survey information with an average of 60% (vs 10%).

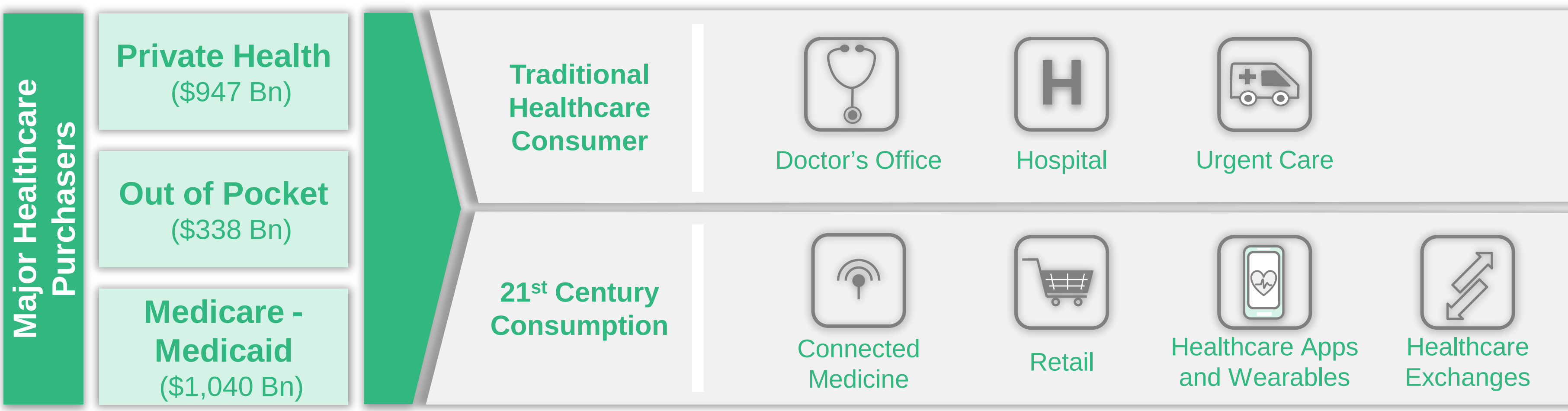
Analogy: The acclaimed film "Birdman" used the cinematic illusion of "the single take" to achieve a similar effect to create greater viewer immersion.

Healthcare – Continuing to Shift Towards Consumer-Driven, Value-Based Care = Opportunity for Technology Solutions

US Healthcare in the 21st Century
Purchase + Delivery Change Forever

ACA and Government Effects

- With Cadillac tax coming into effect in 2018, employers are moving towards offering high deductible health benefit plans
- 72% of employers offer at least 1 consumer directed health plan
- 30% of Medicare payments will be tied to quality or value by end of 2016 and 50% by end of 2018
- Effective Jan 2015, Medicare has separate payments for chronic care management for “non-face-to-face” care



Source: Beth Seidenberg, KPCB General Partner and Lynne Chou, KPCB Partner. Sources: CMS National Health Expenditure Projections 2013-2023, National Business Group Survey Aug. 2014

Lower Healthcare Costs by Utilizing Technology to Help Manage and Prevent Chronic Diseases

- In 2013, the US government spent $591 billion on Medicare. However, Medicare is projected to have insufficient funds to pay all hospital bills beginning in 2030

- Chronic disease accounts for 86% of US healthcare costs, which can be reduced by enabling the healthcare ecosystem with innovative technology

Cardiovascular

$193 Bn spent on direct medical expenditures

WATCH fitbit AliveCor

Diabetes

$176 Bn spent on direct medical expenditures

livongo health omada

Obesity

$147 Bn linked to medical expenditures

myfitnesspal REDBRICK HEALTH

Cancer

$157 Bn spent on direct medical expenditures

FLATIRON FOUNDATION MEDICINE

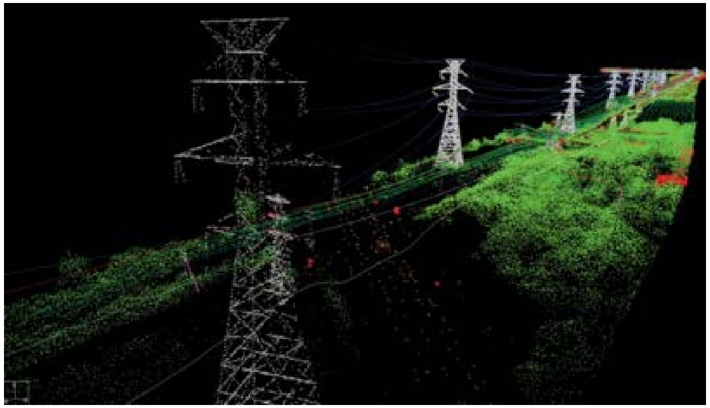
BIG DATA AND ANALYTIC PLATFORMS

Google ZEPHYR HEALTH IBM Lumeris practicefusion

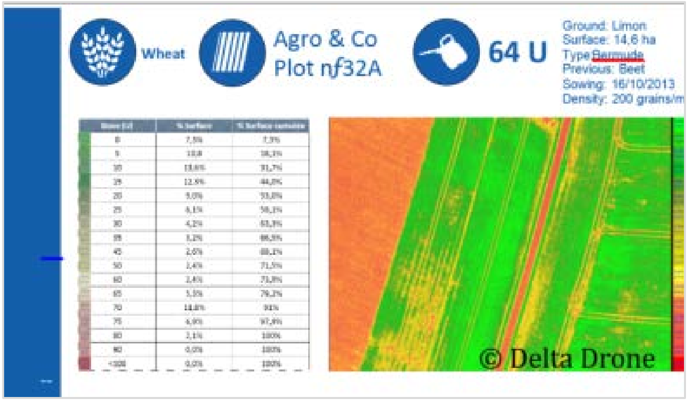
Source: Beth Seidenberg, KPCB General Partner and Lynne Chou, KPCB Partner. Sources: Kaiser Family Foundation website and CDC website http://www.cdc.gov/chronicdisease/overview/

More
Drone Thoughts

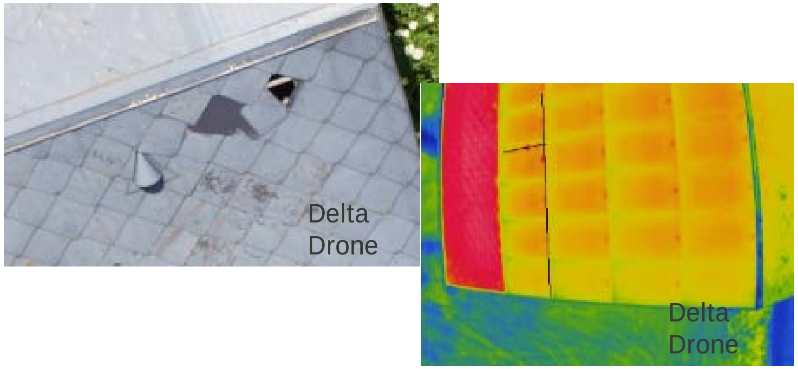
Drones = Driving New Wave of Big Data Collection / Analysis



Point cloud models created from aerial LiDAR surveys measure conductor tension & vegetation encroachment, reducing inspection cost & injury.



Vegetation health maps created from multi-spectral imaging surveys help minimize use of water & pesticides & maximize crop yields.



High resolution photos of rooftops aid damage assessment for insurance underwriters & thermal imaging being used for building insulation inspections.

Stockpile maps created from aerial photo surveys provide faster & more accurate volumetric calculations for mining and quarry operations.

 Source: News articles, KPCB analysis.

Consumer / Commercial Drone Development – Ranking Countries by Government Accommodation...

1) France & United Kingdom

- Both countries allow Beyond Visual Line of Sight "BVLOS" commercial operations.
  - In France, users must obtain a proper pilot's license plus 100 hours of flying experience & 20 hours of drone training.
  - In United Kingdom, operator must be approved by the Civil Aviation Authority "CAA."
- France & UK both have training certifications, weight categories & relatively mature regulatory framework.

2) Canada

- Early to allow commercial operations with Special Flight Operating Certificates and regulator takes holistic safety approach without requiring pilots licenses. In November 2014, Transport Canada issued blanket exemptions for drones weighing less than 2kgs, but restrictions are tight whereby UAVs 2kg or less have to avoid flying closer than 9km from build-up areas (e.g. group of buildings larger than a farmstead).
- Still lacks a comprehensive regulatory framework.

3) Australia

- Australia has a mature regulatory framework, but Civil Aviation and Safety Authority "CASA" is rewriting its regulations with the concept of a micro UAS rule. Yamaha has had success in Australia with its R-MAX unmanned helicopter.

4) Japan

- Led way on UAVs 20 years ago with development of the Yamaha R-MAX, but country did not develop regulatory structure, and has lost its early technical lead.

Source: News articles, KPCB analysis – Wen Hsieh / James Tang / Paul Yeh.

...Consumer / Commercial Drone Development – Ranking Countries by Government Accommodation

5) USA

- FAA is about 6 months into an exemption program that grants company-by-company exemptions (permits) for specific UAS applications. However, those permits come with restrictions & conditions that pose impediments to operators, such as pilot certification (in a real aircraft), mandatory separation from persons and structures (500 feet), a prohibition against night operations, & other parameters that are generally viewed as overly conservative & potentially not capable of being satisfied by many of the companies being granted those permits. Agency claims that statutes prohibit it from providing a more reasonable approach to UAS permits.
- FAA is trying to speed up its processes, and is now up to ~400 exemptions granted to companies. However, it still has a massive backlog with ~1,200 more pending. Additionally, the FAA is at least 18 months away from actual small UAS rules.

6) China

- Military allots only 1/5 of airspace to civilian use and is very sensitive about drone usage. While there is no blanket ban on commercial drone activity, China's Civil Aviation Administration requires anyone operating a drone >7kg to have a license. For flying drones <7kg, no license is required as long as it's below 400 feet and within operator's line of sight. However, this policy has caused confusion among operators and regulators. In one example, the Beijing Police briefly detained a well-known aerial photographer for filming the Forbidden City - they confiscated his quadcopter and later returned it to the photographer at the airport on his flight out of China.

• Other countries developing UAS regulations

- Mexico recently released framework including micro UAS rule.
- New Zealand is behind but has proposed a solid risk-based set of regulations.

Source: News articles, KPCB analysis – Wen Hsieh / James Tang / Paul Yeh.

Appendix

Established 'Big' Internet Markets (China / USA / Japan / Brazil / Russia) = +6% Growth in 2014 vs. +7% Y/Y = Slowing, Most Well Past 50% Penetration

Countries with Internet Penetration >45%, 2014

Rank	Country	2014 Internet Users (MM)	2014 Internet User Growth	2013 Internet User Growth	Population Penetration	Total Population (MM)	Per Capita GDP ($000)
1	China	632	7%	10%	47%	1,356	$13
2	United States	269	2	2	84	319	$55
3	Japan	110	0	9	86	127	$37
4	Brazil	105	4	12	52	203	$16
5	Russia	87	15	9	61	142	$25
6	Germany	68	0	1	84	81	$46
7	United Kingdom	57	4	1	90	64	$40
8	France	54	-1	5	82	66	$40
9	Iran (I.R.)	49	8	16	60	81	$17
10	Egypt	43	15	13	50	87	$11
11	Korea (Rep.)	42	1	1	85	49	$35
12	Turkey	38	4	6	46	82	$20
13	Italy	36	1	2	58	62	$35
14	Spain	34	0	7	72	48	$34
15	Canada	30	0	5	86	35	$45
	Top 15	1,653	5%	7%	59%	2,800	
	World	2,793	8%	10%	39%	7,176	

Source: United Nations / International Telecommunications Union, US Census Bureau. Internet user data is as of mid-year. Internet user data for: China from CNNIC, India from IAMAI, Iran from Islamic Republic News Agency, citing data released by the National Internet Development Center, Indonesia from APJII / eMarketer.

Developing 'Big' Internet Markets (India / Indonesia / Nigeria / Mexico) = +24% Growth in 2014 vs. +23% Y/Y = Still Growing Strongly

Countries with Internet Penetration ≤45%

Rank	Country	2014 Internet Users (MM)	2014 Internet User Growth	2013 Internet User Growth	Population Penetration	Total Population (MM)	Per Capita GDP ($000)
1	India	198	33%	34%	16%	1,236	$6
2	Indonesia	83	17	13	33	254	$11
3	Nigeria	67	18	19	38	177	$6
4	Mexico	52	15	11	43	120	$18
5	Vietnam	41	12	14	44	93	$6
6	Philippines	40	4	27	37	108	$7
7	Pakistan	21	11	12	11	196	$5
8	Thailand	20	10	12	29	68	$14
9	Ukraine	19	23	17	42	44	$9
10	Kenya	18	24	17	39	45	$3
11	Peru	12	4	7	39	30	$12
12	Uzbekistan	11	6	22	38	29	$6
13	Bangladesh	11	5	28	7	166	$3
14	Sudan	8	10	13	23	35	$4
15	Algeria	6	10	11	17	39	$14
	Top 15	607	19%	21%	23%	2,641	
	World	2,793	8%	10%	39%	7,176	

Source: United Nations / International Telecommunications Union, US Census Bureau. Internet user data is as of mid-year. Internet user data for: China from CNNIC, India from IAMAI, Iran from Islamic Republic News Agency, citing data released by the National Internet Development Center, Indonesia from APJII / eMarketer.

Established 'Big' Smartphone Markets (USA / Japan / Brazil / Germany / UK) = +13% Growth in 2014 vs. +18% in 2013 = Slowing, Most Well Past 50% Penetration

Markets with >45% Penetration

Rank	Country	2014 Smartphone Subs (MM)	2014 Smartphone Sub Growth	2013 Smartphone Sub Growth	Population Penetration	Total Population (MM)	Per Capita GDP ($000)
1	USA	204	9%	16%	64%	319	$55
2	Japan	104	5	5	82	127	$37
3	Brazil	96	28	43	47	203	$16
4	Germany	52	33	30	65	81	$46
5	United Kingdom	45	9	14	71	64	$40
6	France	43	16	43	65	66	$40
7	South Korea	39	5	15	80	49	$35
8	Spain	26	1	19	55	48	$34
9	Saudi Arabia	25	14	6	91	27	$52
10	South Africa	23	26	48	47	48	$13
11	Australia	22	1	40	100	23	$46
12	Canada	21	16	20	60	35	$45
13	Argentina	20	28	52	47	43	$23
14	Malaysia	20	16	38	66	30	$25
15	Taiwan	14	1	50	61	23	$46
	Top 15	756	13%	21%	64%	1,186	
	World	2,107	23%	27%	29%	7,176	

@KPCB Source: Informa. Note: Japan data per Gartner, Morgan Stanley Research, and KPCB estimates.

Developing 'Big' Smartphone Markets (China / India / Indonesia / Russia) = +28% Growth in 2014 vs. +29% in 2013 = Strong, Well Below 50% Penetration

Markets with ≤45% Penetration

Rank	Country	2014 Smartphone Subs (MMs)	2014 Smartphone Sub Growth	2013 Smartphone Sub Growth	Population Penetration	Total Population (MMs)	Per Capita GDP ($000)
1	China	513	21%	26%	38%	1,356	$13
2	India	140	55	19	11	1,236	$6
3	Indonesia	64	40	36	25	254	$11
4	Russia	57	24	95	40	142	$25
5	Mexico	30	31	50	25	120	$18
6	Philippines	29	39	47	27	108	$7
7	Thailand	29	11	69	43	68	$14
8	Italy	28	17	26	45	62	$35
9	Turkey	23	22	42	28	82	$20
10	Nigeria	23	58	62	13	177	$6
11	Vietnam	21	33	39	23	93	$6
12	Egypt	20	50	20	23	87	$11
13	Poland	14	42	12	37	38	$25
14	Colombia	12	41	50	26	46	$13
15	Iran	10	42	19	12	81	$17
	Top 15	1,014	29%	32%	26%	3,950	
	World	2,107	23%	27%	29%	7,176	

Source: Informa.