

## > The Rise (again) of Internet Media

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### MAYFIELD VIEW: Allen Morgan, *Managing Director*

Signs of the continuing rise of Web 2.0 blanket the news these days. Google acquired the video-sharing website YouTube in October for an eye-popping \$1.65 billion. Social networking phenom MySpace is moving beyond its core teen audience to capture surfers of all ages, with nearly 56 million unique visitors in August. Spending on online advertising rose a whopping 35 percent during the first three months of 2006, according to a study by the Newspaper Association of America, while print newspaper ad sales rose a paltry .3 percent during the same time period.

#### Here are several consumer/media trends reflected in our portfolio and throughout the market:

- **Advertising** is increasingly shifting online, causing startups to both consider and take advantage of the use of multiple entertainment devices and time-shifting technologies, such as PVR applications and Tivo. Tapping that potential, **BlackArrow** ([www.blackarrow.tv](http://www.blackarrow.tv)) is building an online advertising management system to work within the world of real-time or time-shifted ad-supported video, whether on television or the web. **Podbridge** ([www.podbridge.com](http://www.podbridge.com)) lets media companies distribute free ad-supported content as podcasts.
- **Online channels** are increasingly targeting affinity groups, such as teens, soccer fans, Hispanics, or different religious communities. MySpace, Facebook and **Tagged** ([www.tagged.com](http://www.tagged.com)) were founded to target teens



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“We’re witnessing a second online revolution. Web 2.0 is all about creating unique companies that unlock the potential of affinity groups, develop smarter search applications and enable advertisers (and their agencies) to survive in this new media world.”

– Allen Morgan



“We’ve blown up the online resume and are taking recruiting to the next level. Today, it’s all about using social networks, targeted email and blog advertising to get the right candidate matched with the right opportunity.”

–Jobster CEO Jason Goldberg

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**MAYFIELD VIEW:** Allen Morgan, *Managing Director*

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and college students. Two recent Mayfield investments, **Affinity Labs** ([www.affinity-labs.com](http://www.affinity-labs.com)) and **Consorte** ([www.consorte.com](http://www.consorte.com)), serve several vertical audiences as well as the Hispanic community respectively. (Our guest interview with Charlene Li highlights the power of affinity groups below)

- **Search** continues to break new ground as companies strive to make it more useful and relevant. Startups are exploring vertically-focused search engines, new types of relevance algorithms and natural language search engines, among other technologies. **Snap**, ([www.snap.com](http://www.snap.com)) for one, provides an actual preview of a web page when a user searches, a graphically-driven approach that helps users find what they’re looking for more quickly.

**Jobster** ([www.jobster.com](http://www.jobster.com)) (profiled below), is a Mayfield investment and vertical search provider that uses consumer web techniques such as social networking, tags, and viral marketing, to more effectively match job candidates with openings.

Founded in 2003, Seattle-based Jobster is Web 2.0’s answer to Monster.com and CareerBuilder.

Jobster marries social networking with powerful online tools that help recruiters and hiring managers build communities quickly, a sort of mySpace meets Salesforce.com. Recruiters use Jobster for everything from creating and managing a more effective employee referral network to improving their diversity hiring. Convenience restaurant chain Cosi, for example, recently used Jobster to develop an email campaign that alerted a specific group of employees about an update to its employee referral program. That campaign helped the company bump the number of

its referrals up 30 percent during the first quarter of 2006.

For job seekers, Jobster built a deep community of users on its own website. Users define themselves using “superstar tags,” a list of five key words that define their interests. A programmer interested in working in open source might use developer, team leader, and Ruby on Rails, an open source framework, as tags. Users can search for available jobs by city or state, create job alerts for themselves and peruse what others have posted about jobs or companies.

To date, Jobster has raised \$48 million. It’s invested most of its cash in new technology and makes money by charging monthly and annual subscription fees for its tools and services.

Customers are buying at a rapid clip. The company doubled its customer base this year to more than 500 organizations, including Boeing, Starbucks, Google, and American Express. It counts more than 20 percent of the Fortune 100 as customers.

As the online recruitment market continues to thrive in the U.S. – online recruitment advertising nearly tripled to \$3.5 billion between 2004 and 2005, according to Borrell Associates – Goldberg is laying the ground for Jobster’s expansion in Australia and Europe.

Meantime, he plans to continue growing the company at home through small acquisitions and new hires. He expects to turn a profit sometime next year.

*“We want to be the gobbler rather than be gobbled,” Goldberg says. “We plan to build this company over time and turn it into a market maker like eBay.”*



## > Guest Interview:

**CHARLENE LI, Forrester Research**  
*Internet analyst and blogger*

Forrester Research's Charlene Li is an Internet media pioneer who helped build the first town news website for a chain of Massachusetts-based community newspapers during the 1990s.

At Forrester, Charlene focuses on marketing trends, consumer search, social computing, online media and online recruitment. She has done extensive research on how companies are humanizing the digital experience, creating deeper relationships with people and communities.

We spoke with Charlene, a Silicon Valley-based mother of two children who holds an MBA from Harvard, about the latest Web 2.0 deals, the power of online branding and the future of search.

**Mayfield:** *What lessons can startups take away from the October Google/YouTube deal?*

**Charlene Li:** YouTube understood something about video that no one else did. It wasn't about the video. It was about the community. YouTube encouraged people to participate and share video and made the video personal instead of this passive viewing experience.

**Mayfield:** *What are examples of some companies that, like YouTube, really understand the power of social networking and community?*

**CL:** Digg is a great Web 2.0 company. It turns this presumption that editors are the only ones who can choose the

best stories on its head. The community votes instead. The travel site IgoUgo, which is part of Sabre, is another example. People just put their travel journals up on this site with their profiles. You see all the things these people have done and you can contact them. There's a community there and there's an emotional attachment.

**Mayfield:** *Google is the definitive search industry gorilla. But what's next for startups trying to build on what Google has already accomplished in search?*

**CL:** Algorithmic search has reached its limit. The key thing now is personalization and collaborative filtering, which will provide search results based on what you've done online in the past. This kind of search will take into account social aspects of a person's online history. The end point here is that search will be individualized. But that's really hard to do. We're talking about years until search is truly global and personal.

**Mayfield:** *What online advertising strategies are working and how are startups pushing advertisers to be more creative online?*

**CL:** Well, the banner is still a good buy and still works, which is amazing, but any sort of interruptive advertising is a hard sell. What's happening is that the line between advertising and content – traditionally viewed as church and state -- has blurred.

However, a company has to know what works for its audience in this new world and not sell its soul. Using a lot of ads on a site can burn relationships, but if you have permission from your users you can make a lot of money. Jeep, for example, promoted a music tour they were sponsoring on Myspace last summer. It was a big campaign and Myspace got a lot of traffic from it.

**Mayfield:** *Any thoughts on the convergence of old and new media and how is old media faring these days in making the Web 2.0 transition?*

**CL:** Convergence is the natural course of things. I've been pleasantly surprised by how traditional media has embraced change over the past few years. This time around they've seen the light. The New York Times and even Time Warner. People don't give AOL enough credit for what they've been able to do in holding on to their audience.

**Mayfield:** *Where do you go online in your spare time?*

**CL:** I go on YouTube all the time with my kids. Aside from my Forrester blog, I also do some blogging about motherhood.

Charlene's thoughts about motherhood in Silicon Valley can be found at [www.SVmoms.com](http://www.SVmoms.com).