

Five Mind Blowing Web Stats You Should Know

Posted by *Anthony K. Tjan* on October 28, 2009 10:49 AM

Fifteen years have passed since I was first introduced to the web by Marc Andreessen and Jim Clark's launch of Netscape in 1994. The following year I started a company, ZEFER, while at the management consulting firm McKinsey & Company. ZEFER was one of the earliest Internet services and development firms and we were both thrilled and lucky to be participants in the first days of Internet commercialization. In 1994, we estimated that there were probably 5000 websites; the Internet research organization [Netcraft](#), based in England, started tracking the number of websites in 1995, then pegging it at 18,000. It's easy to forget how relatively early on in the innovation cycle of the web we find ourselves. Whether we are in Web 2.0 or moving to a 3.0 era, the on-going growth and striking dynamism continues to inspire me. Of course, we've had the dot-com boom and subsequent nuclear winter, but innovation requires the forest to be burnt down from time to time to allow new shoots to sprout.

As I reflected on some of the most recent Internet trends, hot companies, and what might lie ahead, I found these five mind-blowing web stats that should excite all of us to stay tuned and hold on fast. Here they are — five pretty incredible web stats to drop at your next meeting, dinner conversation, or airplane ride.

Mind-Blowing Web Stat #1: 40,000-fold increase in the number of websites in 15 short years. If the number of approximately 5000 websites in 1994 is correct and that we are now part of some 200 million plus websites today, then we've experienced a stunning 40,000-fold increase in number of websites. How's that for a growth rate? It also helps explain why Kevin Ham, a Canadian Internet entrepreneur, is minting money from the domain names he owns. Mr. Ham owns some 100,000 domain names worth hundreds of millions and that generate estimated ad revenue of \$70 million annually. Great foresight, on Ham's part, to see that good domain names are like scarce waterfront property.

Mind-Blowing Web Stat #2: It feels like it was only yesterday that Evan Williams coined the term, "blogger" as founder of Blogger.com before taking the head post at Twitter. Today, the blogosphere is doubling between once and twice a year and there are over one million blog posts daily.

Mind-Blowing Web Stat #3: Speaking of Evan and Twitter, there have now been more than five billion tweets. I admit it: I was a pretty big Twitter skeptic, but now I'm a pretty big Twitter fan. My guess is that Mr. Ham and others are trying to find ways to squat on as many Twitter handles as possible as it will become increasingly difficult to get the twitter alias you want. I stumbled across this "[gigatweet](#)" counter on the web. I don't know the accuracy of the source but this is a pretty cool real-time counter of the numbers of tweets — it is worth clicking through.

Mind-Blowing Web Stat #4: Not to leave out some of the other obvious big web names of our day, here are two stunning stats on Google and Facebook. Google still owns the search market. Sources estimate that the search goliath receives about two billion queries per day. That said, I think I'm more impressed by InsideFacebook.com's estimates that the social network is adding 700,000 new users per day.

Mind-Blowing Web Stat # 5: Okay, this is as much of a predictive statement as a stat. For some time, I have periodically checked which sites are in the top ten, as task made much easier now with the likes of Alexa. What is amazing is that whether you look at the global top ten or US top ten websites, about half of the sites are five- to six-year-old companies (e.g. YouTube, Blogger, and Facebook). The implication is that we'll continue to see a pretty high-rate of churn amongst the top ten. What other industry do you know where so many in the top ten market share



positions are companies that are younger than a first grader? Big names that may be top of the world today are being bombarded by the threat of new Internet start-ups every day. Twitter was born in 2006 and has already hit #13 on Alexa's top global list and #12 on its U.S. list. How long will it take to break into the top ten? The answer: not long at all. And this is what continues to make life interesting in the world wide web of disruptive change and unpredictable innovation.

Search Wars: Twitter versus Google

Posted by Anthony K. Tjan on Thursday July 9, 2009 at 7:21 PM

With Twitter's meteoric rise, the question has emerged if it can pose a serious threat to social network and search engine incumbents; or, if not a threat, then perhaps a compelling acquisition for the likes of Google. According to Compete data, Twitter is now at about 20 million monthly unique visitors, which makes it a distant third to Yahoo's 135 million and Google's 150 million, but the velocity of community development at Twitter is impressive. Just one year ago it had fewer than 2MM monthly uniques, so there is more than a good chance it can approach or cross 100MM within the next 24 months.

But the allure of Twitter is not acquiring its user base and certainly not the vast array of mundane voyeuristic updates. The real money-making power of Twitter is something more strategic and Trojan Horse: it holds as much potential as a search platform as Google's search algorithm held as an advertising platform (and therefore by extension Twitter too might be able to capture a chunk of search advertising). To understand this, recognize that search strategies can fall into one of three categories

1. **Algorithmic-based search.** This is best exemplified by Google's automated "page rank" popularity engine that has tremendous power and scale to index vast amounts of unstructured data.
 2. **Human-mediated or "Social Search."** Online start-ups such as [Mahalo](#), [Chacha](#), and [OneRiot](#) are using people to help create more intelligent results. Whether paid or unpaid, there is usually a credit system for helping to deliver search results and experts emerge from the community.
 3. **Structured search.** Organized and tagged content databases focused on specific industry or vertical areas (think of Thomson Reuters or Bloomberg desktops). For more on structured versus unstructured data read a [synopsis by the father of data warehousing, Bill Inmon](#).
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What does all of this have to do with Twitter's threat to Google and other search strategies? Twitter holds significant latent potential as a social search platform. Social or human-mediated search uses the intelligence of people to help provide an answer. This is not a new concept. People have always used their friends for advice and continue to do so on Twitter. In South Korea the leading search engine is [Naver.com](#), which uses legions of volunteers and experts to help provide relevant answers to search queries. And in the B2B investment world, expert networks such as Gerson Lerhman and Vista Research have been around for some time to provide insights in specific fields. Social search will not necessarily be as comprehensive as one of the other two search methods, but it can be much more helpful. For example, if you are searching for directions, it may be most useful to know: "Look for the big triangle sign on your left and if you are driving here any time after 5pm, take Avery Boulevard instead."

Twitter has two key attributes that can make for effective social search: real-time data and a critical mass of users that can eventually facilitate more specialized, vertical communities of experts. On this point, I have a fundamental belief that the web is moving more [vertical in its next iteration](#). The benefit of real-time data is that it can bring contextual relevancy (e.g traffic, sales, event updates) in a way that is difficult or impossible for automated algorithms or archival databases to do. If Twitter can organize itself into specialized expert communities, it provides a differentiated approach to search.

The future of search is likely to embrace all three of the modalities I described to maximize relevancy in context. Imagine a search engine that organizes results in those three ways: a Google-like automated popularity-based result, a set of responses from a network of human experts, and the results from a well-edited database. The bottom line is that simultaneously applying all three approaches to search is better than applying just one.

Whatever Twitter grows up to be, it is clear that to me that Andy Grove (co-founder of Intel) was right when he said, "only the paranoid survive." If Google wants to avoid becoming the next Yahoo (or AltaVista or Lycos) then it needs to think about how it can best serve its users with more relevant results. These can come from alternate ways of thinking of how search is done.

Oh yes, and follow me on Twitter: [@anthonytjan](#)

Three Opportunities to Seize in the Downturn

Posted by *Anthony K. Tjan* on February 20, 2009 5:12 PM

One of the most pernicious tendencies companies fall victim to in downturns is to focus on and project out near-term data points. The result? An inaccurate reflection of the future. The current extreme economic conditions only exacerbate this tendency.

So what can you do about it? The key to winning now is to focus on business basics. Real 101-type stuff. To again quote Warren Buffet, "In the short term the market behaves like a voting machine and in the long term it behaves like a weighing machine." In this economic climate, a company should focus on what makes any business great - superior cash flow and sustainable growth. This implies one of two solutions: a defensive survival position, or, if resources allow, being more aggressive on opportunities that will be rewarded in the long-run.

My business is venture and growth equity investing in smaller private companies. The entrepreneur and pragmatist in me suggests we bolster our strong performing companies, cut more aggressively on losing propositions, but continue to selectively invest in good opportunities. In this downturn, cash may have been promoted from king to God. If you have it, now is a time of opportunity. If you don't have it, now is the slap in the face reminder to get it. Our message to our companies therefore is to ensure sufficient cash on the balance sheet and cash flow generation. If that is in place, then we urge them to consider the opportunities emerging through recalibrations happening in the market.

I see three major resets continuing through 2009: talent, valuations, and competition.

First, consider talent. People everywhere are finding that their stock options are underwater and probably will remain so. This creates a window for a smaller growth company to get that experience at a discount through more aggressive use of head hunters and job marketing. There are also numerous good people who have been collateral victims to necessary cut backs, or even worse, company collapses. I often think of an accounting firm we work with that has become one of the largest regional players from its start as a very small local shop. How? By picking up the Arthur Andersen accounting talent after the Enron fiasco, they not only got good people, but the clients that came with those people.

Second- the reset in the valuations of public and private companies creates a buyer's market. The rules around betting on fundamental strengths don't change, but there's a lot of quality that is now "on sale." If you have the cash, this is not a time to try and time the bottom - such strategies usually fail - but to look at this as an extended sale period in which you are not trying to get the very best price, just a very good price.

The third reset is closely related to the first two: In the fallout of any major economic upheaval, new winners and losers will appear. For stronger companies, now is a time to sharpen marketing messages and consider taking or building share while others competitors may not be in a position to do so. Even without acquisitions, businesses that can should step up and reinforce what makes them stand apart and why they are resilient in this market. Customers are more careful in their purchase decisions in these times- tell them why you deserve it.

Most of us will be subject to some macromyopia and will miss the exact bottom, but we should stay focused on what it will take to win the marathon and not this mile marker. For businesses owners and managers who are struggling, defend your position vigorously and do whatever it takes to preserve and generate more cash - surviving this period is worth at least a silver medal in the downturn. But if you have flexibility and resources, an eventual gold can come from some more offensive moves now while others are frozen. The answer is to not to go from irrational exuberance to irrational indifference. Naturally being macromyopic is forgivable, not recognizing that tendency and not acting on the appropriate measures within one's control, is less so.