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**Elements of Excellence Symposium**

November 18, 2010

New York City

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## **The Proliferation of Digital Media**

New Business Models And Successful Venture Investing In An Evolving Market

## The Proliferation of Digital Media

### *New Business Models and Successful Venture Investing in an Evolving Market*

- **Digital Media:** New business models at the convergence of media, entertainment and technology
  - Consumers today have historically unparalleled access to media and services – driven by increased internet connectivity and speed
  - The rate of digital content creation exhibits striking growth - the amount of digital content now created every two days surpasses the amount created from the dawn of civilization up to 2003
- The Proliferation of Digital Media Features:
  - Evolving business models
    - Examples include advertising, freemium models, virtual goods, content syndication and group buying
  - New and advancing distribution channels and device platforms
    - Examples include mobile devices, over-the-top content solutions, and other web-enabled consumer electronic devices
  - New “hotbeds” of innovation
    - Such as New York City and Los Angeles
  - Interest from established platforms and “traditional” media companies
    - Examples include AOL, Apple, Disney, Google and NewsCorp

## The Proliferation of Digital Media

### *New Business Models and Successful Venture Investing in an Evolving Market*

#### Digital Media – Data and Quotes

- 1 in every 13 people on the planet now have a Facebook page
- Twitter now process 1 billion queries per day and 90 million Tweets per day
- “The cell phone is a more powerful weapon than a fighter jet.” - Philip Crowley, Assistant Secretary of State for Public Affairs
- 290 million people worldwide engage in social gaming monthly (nearly equal to the entire population of the United States)
- US internet users now stay in contact with 53 people on average through social media, up from 31.2 in 2009
- Over 35 hours worth of video uploaded to YouTube every minute

Data (in order of reference): BBC News July 21, 2010; Twitter Engineering Blog October 6, 2010, TechCrunch September 15, 2010; Fairview Capital; MediaPost Publications November 5, 2010; eMarketer.com November 4, 2010; Official YouTube Blog November 10, 2010

## The Proliferation of Digital Media

### *New Business Models and Successful Venture Investing in an Evolving Market*

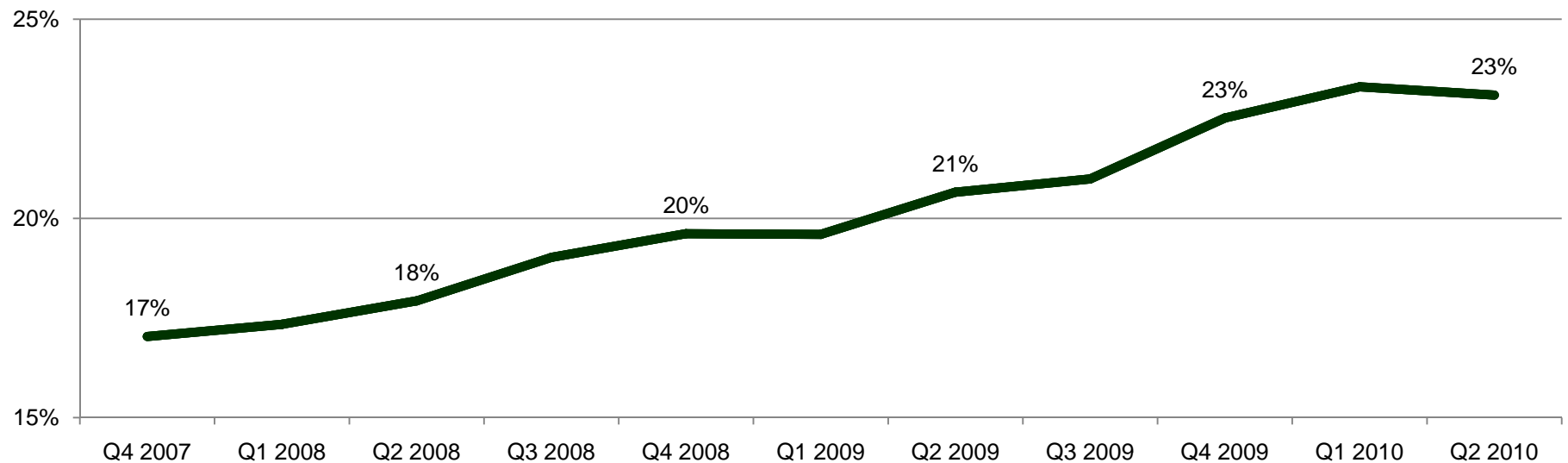
#### Digital Media Venture Capital Investment on the Rise

- Venture investment into digital media-related companies has increased approximately 40% from mid-year 2009 to mid-year 2010<sup>1</sup>
- The number of digital media-related investments in the first half of 2010 increased by over 30% compared to the first half of 2009, outpacing the increase venture capital deals overall<sup>2</sup>

<sup>1</sup>Data: VentureDeal, LLC – Internet, Digital Media, eCommerce and Software funding reports Q2 2009 – Q2 2010

<sup>2</sup>Data: digital media data from VentureDeal, LLC – Internet, Digital Media, eCommerce and Software funding reports Q2 2009 – Q2 2010, overall venture capital investment data from the PricewaterhouseCoopers/National Venture Capital Association MoneyTree Report, 09/30/2010

#### Percentage of Fairview's Portfolio Value Held in Digital Media Related Companies\*



\*Data: Fairview Capital – value of digital media companies (internet, mobile and software companies used as a proxy) as a percentage of total portfolio value across all Fairview managed funds as of 6/30/2010.

## The Proliferation of Digital Media

### *New Business Models and Successful Venture Investing in an Evolving Market*

Examples of Digital Media and Digital Media-Related Companies in Fairview's Portfolio



# The Proliferation of Digital Media

## *New Business Models and Successful Venture Investing in an Evolving Market*

Examples of Recent Digital Media Exits in the Fairview Portfolio



Acquirers Include:



# The Proliferation of Digital Media

## *New Business Models and Successful Venture Investing in an Evolving Market*

### Featured Session Participants

**Alex Finkelstein**  
General Partner  
Spark Capital



**Ran Harnevo**  
Founder and CEO  
5min Media



**Alan Patricof**  
Founder / Managing Director  
Greycroft Partners



**Tommaso Trionfi**  
CEO  
Ixtens



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Q&A

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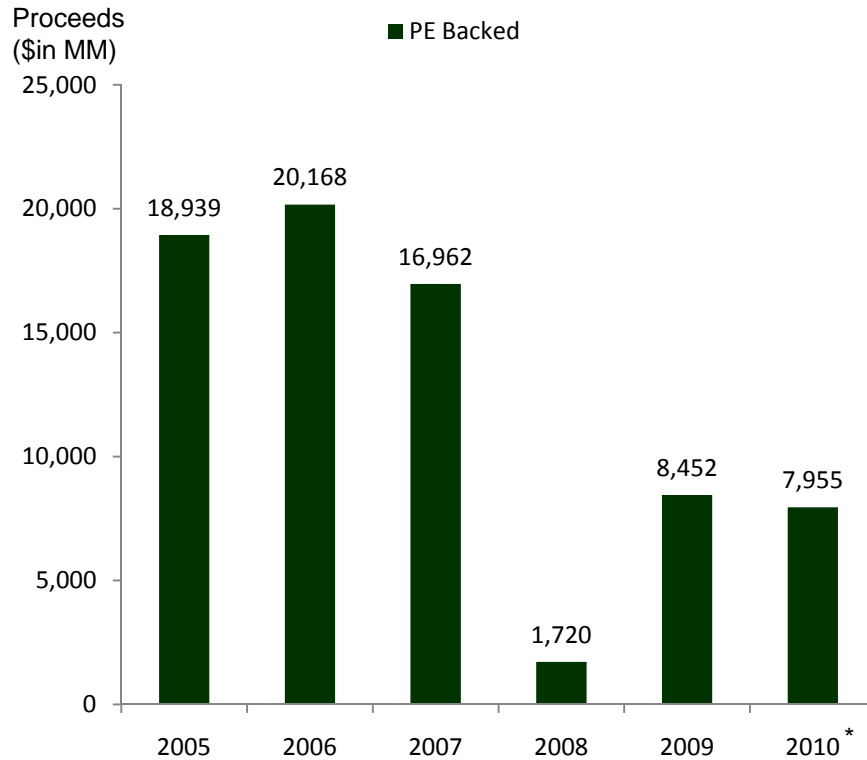
## **Successfully Achieving Liquidity**

Perspectives From Growth Equity and Lower Middle Market Veterans

# Successfully Achieving Liquidity

## Private Equity Exits - IPOs

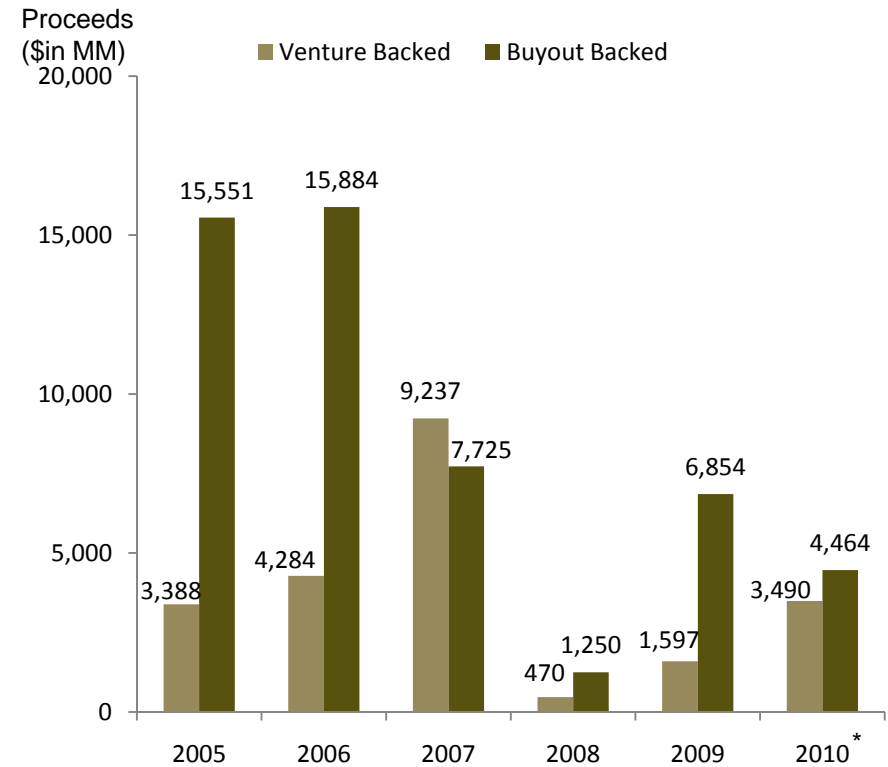
### Private Equity Backed IPOs



# of IPOs	<b>110</b>	<b>113</b>	<b>110</b>	<b>12</b>	<b>31</b>	<b>60</b>
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Median Age @ IPO (yrs)	10	9	9	12	16	11
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### Buyout & VC Backed IPOs



# of Buyout IPOs	<b>65</b>	<b>60</b>	<b>31</b>	<b>6</b>	<b>20</b>	<b>21</b>
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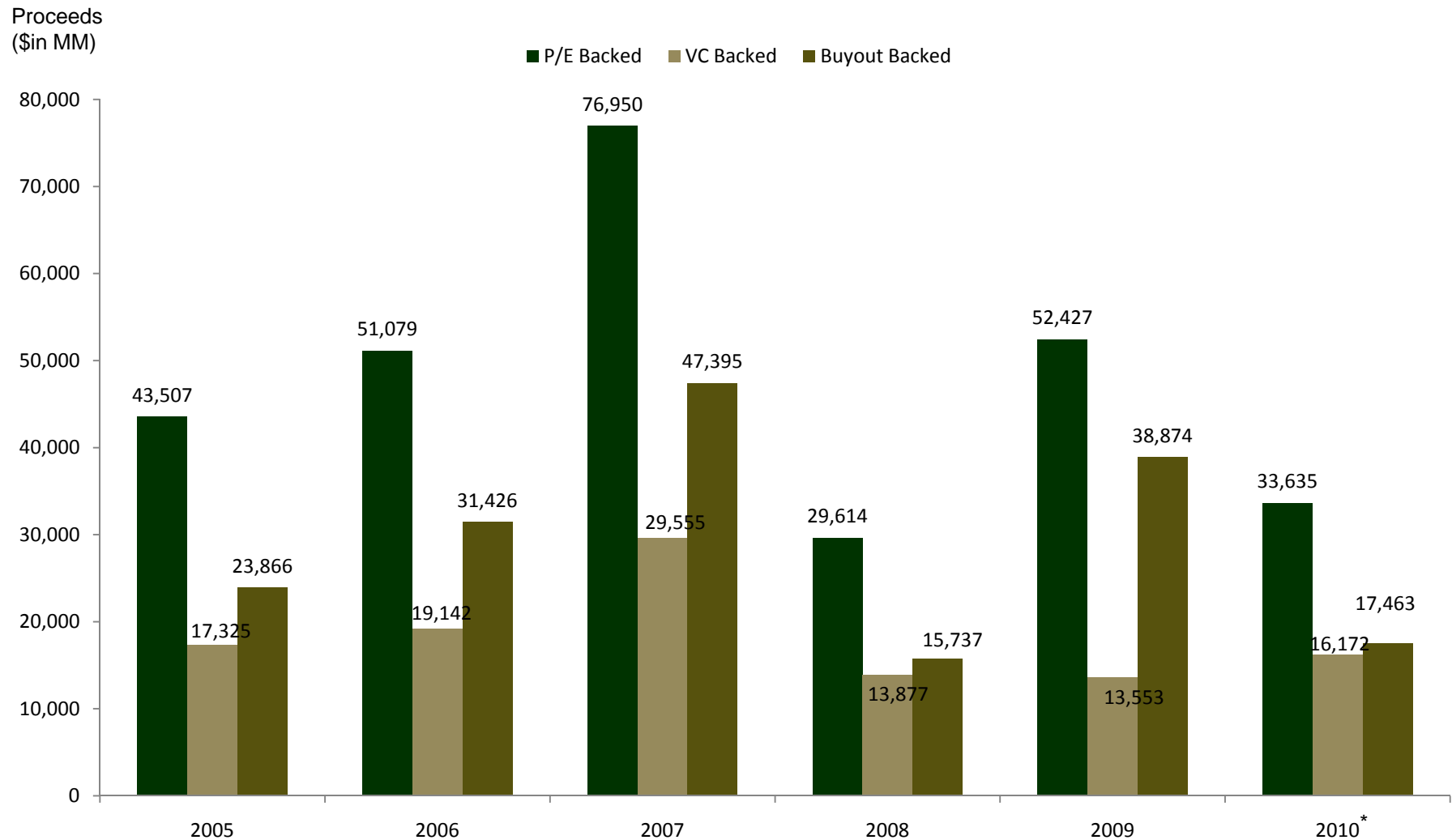
# of Venture IPOs	45	53	79	6	11	39
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Source: Thomson One part of Thomson Reuters / US IPO data  
\*Data as of November 16, 2010

# Successfully Achieving Liquidity

## *Private Equity Exits – M&A*

### Private Equity Backed M&A Activity



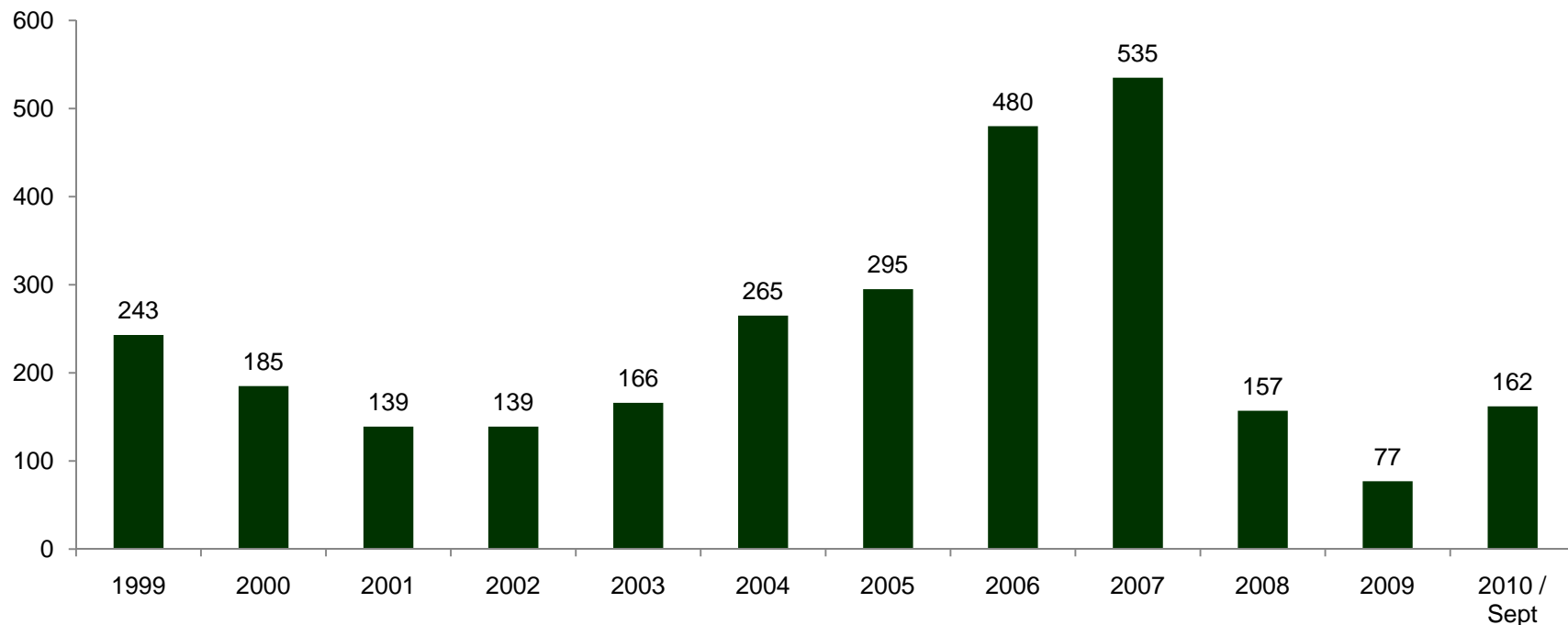
Source: Thomson One part of Thomson Reuters / all data based on disclosed US based M&A transactions  
\*M&A data as of November 16, 2010

## Successfully Achieving Liquidity

### *Loan Market Review*

- Overall lending activity, 1Q-3Q 2010<sup>1</sup>, increased by 92% from the same period in 2009
- According to S&P, 13% of leveraged lending and high yield issuances YTD are being used to fund share repurchases or dividends

### U.S. Senior Debt Issuance (\$ in BN)



Source: S&P Reports

1. Thomson Reuters LPC

## Successfully Achieving Liquidity

### *Perspectives from Growth Equity and Lower Middle Market Veterans*

#### Featured Session Participants

**Tom Crotty**  
General Partner  
Battery Ventures



**Bruce Eatroff**  
Founding Partner  
Halyard Capital



**John Hayes**  
Co-founder / Managing Partner  
Great Hill Partners



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## **Successfully Achieving Liquidity**

Perspectives From Growth Equity and Lower Middle Market Veterans

# Q&A

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**Private Equity in Emerging Markets**

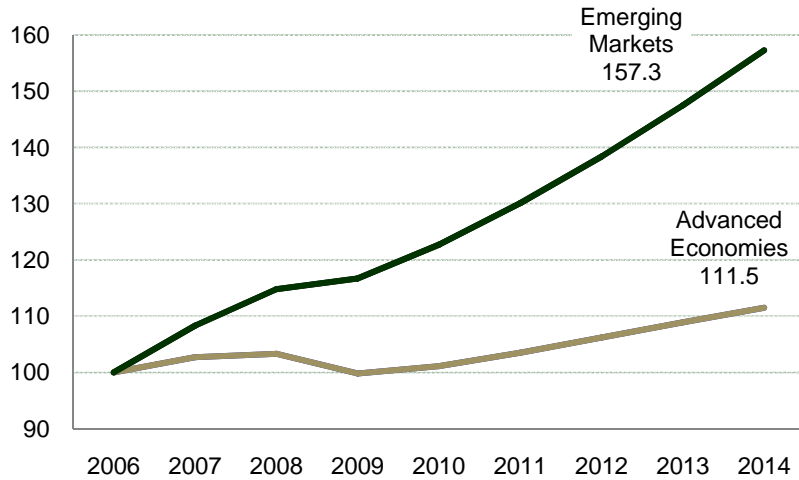
From the Exotic to the Mainstream

# Private Equity in Emerging Markets

## Emerging Markets Opportunity – Why Now?

### Strong GDP Growth

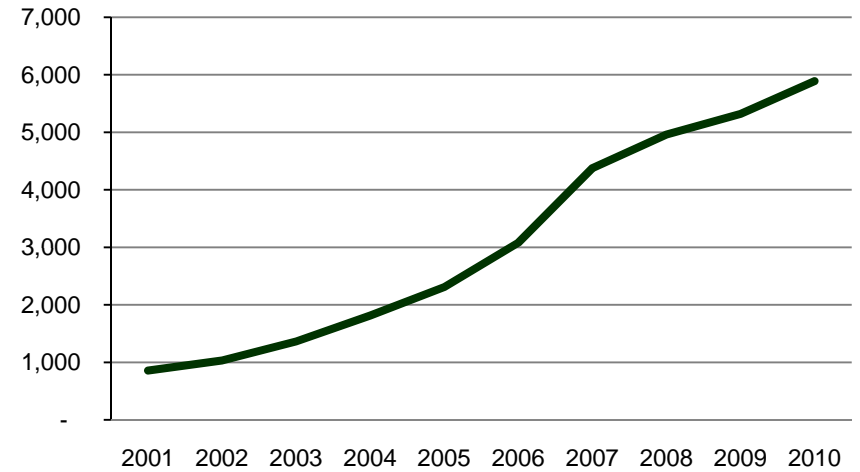
GDP Growth Index (2006 = 100)



Source Oct 2009 IMF World Economic Outlook

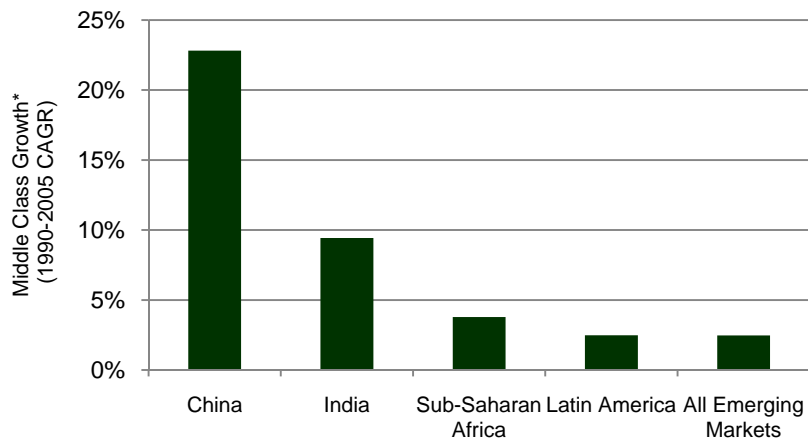
### Increasing Currency Stability

Emerging Economies Foreign Reserves (US \$ Billions)



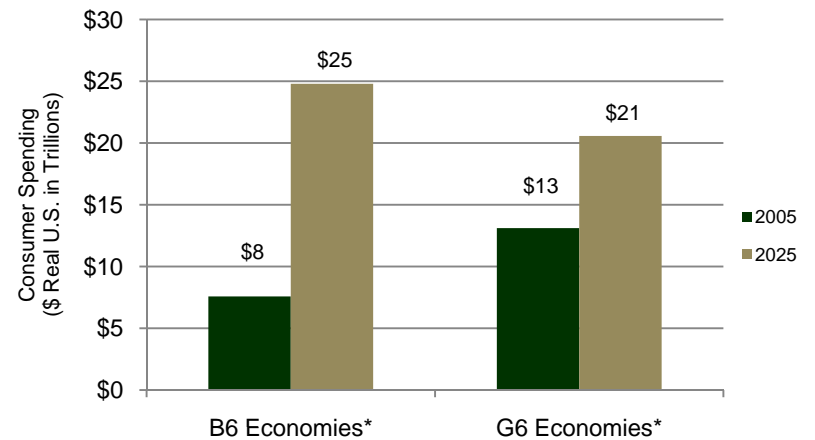
Source: International Finance Corporation

### Growing Middle Class



\*Middle-class as defined by U.S. standards (above \$13/day)  
Source: 2009 World Bank Development Report

### Consumer Spending Growth

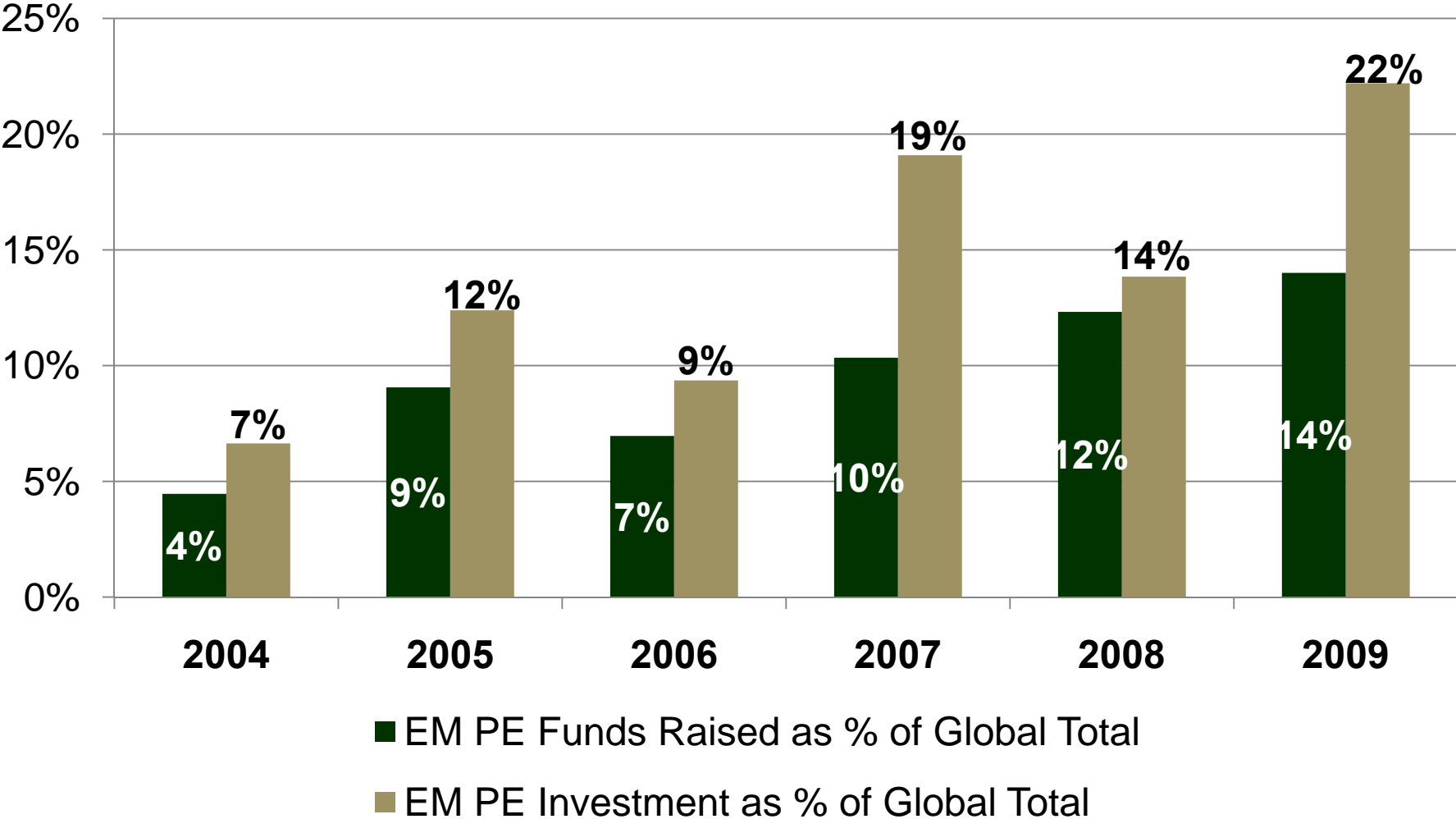


\*B6: "Big Six" = Brazil, China, India, Mexico, Russia and South Korea  
G6: France, Germany, Italy, Japan, U.K., U.S.  
Source: Accenture "The Rise of the Multi-Polar World"

**Private Equity in Emerging Markets**  
*Emerging Markets Private Equity Opportunity*

**Growing Importance Of The Asset Class**

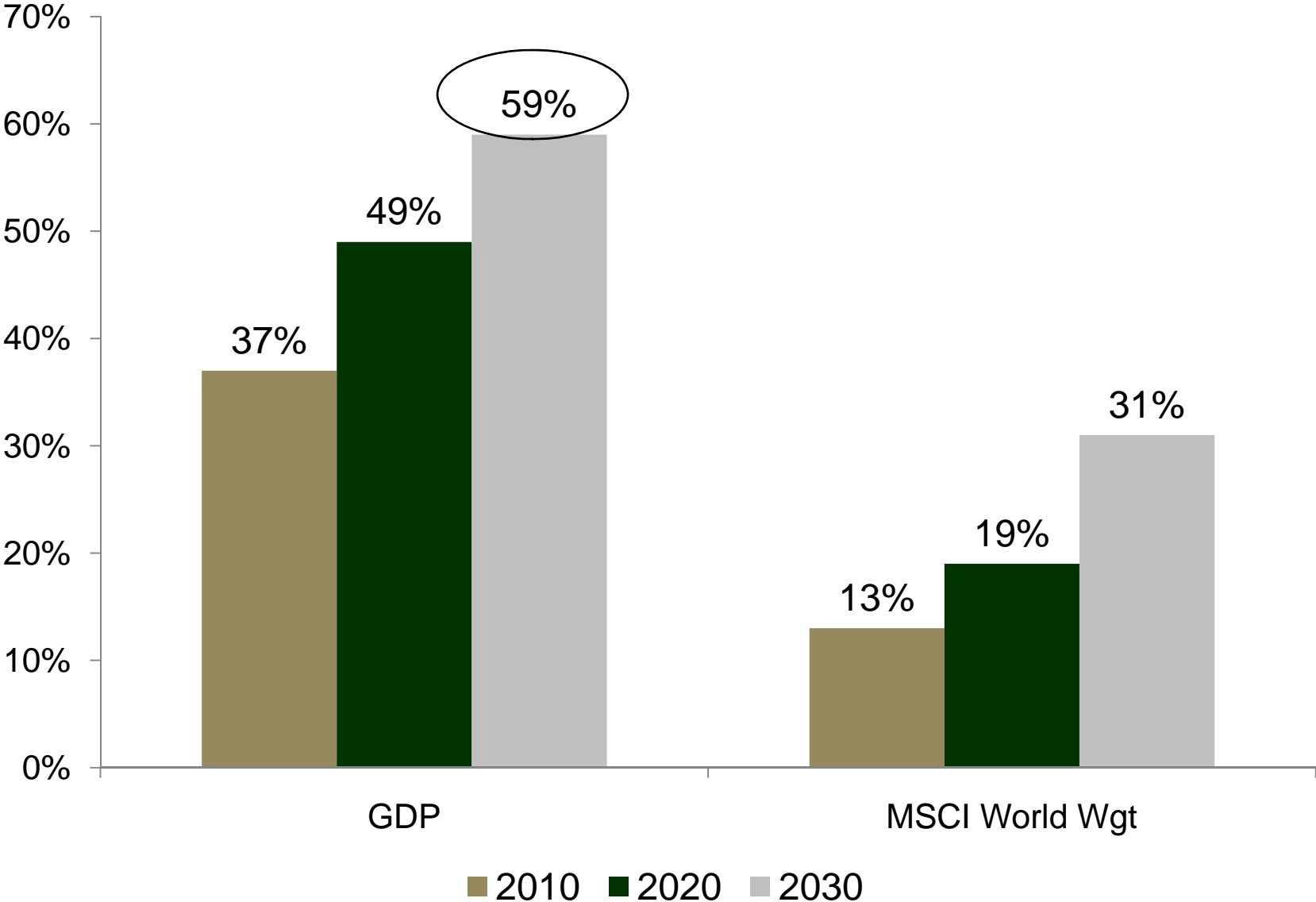
Emerging Markets Private Equity Fundraising and Investment



Source: Emerging Markets Private Equity Association Industry Statistics Q4 2009

# Private Equity in Emerging Markets

*Emerging Markets Equities May Represent 59% of Global GDP by 2030*



Source: IMF, MSCI, Goldman Sachs Global ECS Research estimates

## Private Equity in Emerging Markets

### *Case Example: MakeMyTrip Limited (Nasdaq: MMYT)*

#### Summary



Investment By:



- Largest online travel company in India
- Products include air tickets, hotels, rail tickets, bus tickets, car rental
- Initial Investment in Q3 2006
- Completed \$70 Million IPO in Q3 2010
  - Initial offering price of \$14
  - Closed November 17<sup>th</sup> at \$27.51

# Private Equity in Emerging Markets

## *Case Example: BuscaPe.com, Inc.*

### Summary

Company:



Investment By:



- Allows users to search and compare over 7 Million products from more than 60,000 merchants
- Over 16 Million unique visitors per month
- Initial Investment in Q4 2005
- Sold to Naspers, Ltd. for \$374 Million in Q4 2009
- Sale resulted in \$194.2 Million in distributions

# Private Equity in Emerging Markets *From the Exotic to the Mainstream*

## Featured Session Participants

**Thomas Barry**  
President / CEO  
Zephyr Management



**Vispi Daver**  
Partner  
Sierra Ventures



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