

INDEX

Market Analysis 1



Guidewire Group Technology Market Map 5

Company Briefs

- > 3RD DIMENSION 6
- > BLOGROVR 7
- > GLUBBLE 8
- > MEETMOI 9
- > MYWAVES 10
- > PIXSY 11
- > TERRAPASS 12
- > THOOF 13

New and Noted 14

THE GUIDEWIRE REPORT

© Guidewire Group, Inc., 2007

For information contact:
sales@guidewiregroup.com

MARKET ANALYSIS:

You can't spell Internet without an 'I'

Yahoo found itself **backpedaling** recently when company executives tested new messaging and received a surprisingly negative response. At the [NextWeb](#) conference in Amsterdam, Tapan Bhat, vice president of Yahoo's personalized home page, told the audience, "The future of the Web is about personalization. Where search was dominant, now the Web is about 'me.' It's about weaving the Web together in a way that is smart and personalized for the user."

Many interpreted this as an admission of failure in the search game, rather than a prescient statement of the Web's future; that Yahoo was finally capitulating to Google and skulking away to focus on less important matters such as start pages. The *Times of London* initially posited this theory and backed its assertion with a [quote](#) from NextWeb keynote speaker Deborah Schultz, a Silicon Valley marketing consultant. "They're basically admitting defeat," said Schultz. "They've realized they can't compete with Google on search."

Popular blog [Read/WriteWeb](#) picked up on the story and the comments soon reverberated across the Internet: "Search isn't dead any more than operating systems are dead. Just because a new problem comes along doesn't mean that people stop needing the solutions to the old problems"; "This is just an admission by Yahoo that they do not have the engineering talent to stay competitive in search"; and, "That's the silliest thing I've read all day."

SEARCH VS. PERSONALIZATION

We suspect Mr. Bhat's intended meaning became muddled in a discussion of Yahoo's overall technology merits, but he also omitted an important distinction: search and personalization are two separate entities, mutually exclusive yet highly complimentary and evolving in their own right. The search game has been commandeered by semantics and natural language, a burgeoning sector that merits its own analysis. The user intent on finding information online will turn to [Powerset](#), [Hakia](#), [CognitionSearch](#), and others to find needles hiding in the Web's haystack. Personalization, or what we're calling discovery/recom-

mendation (DR) is more about the passive user hopping from site to site and finding content targeted specifically to him or her. Mr. Bhat is right on target about one thing: anyone who waves away DR as merely another interesting feature is missing what might very well be Web 3.0. The old Internet, made up of homogenous content for all users, is on its way out. Meet its replacement, the Internet of You.

This trend is vast, bleeding into most every sector of technology and encompassing areas from start pages to mobile applications to enterprise computing, where management dashboards and Web-like features are bringing customization and personalization to business applications. For the purposes of this analysis, we're focusing exclusively on the passive discovery of personally relevant online material and the "push" recommendation of material by both publishers and third parties. Further, this sector can be broken down into two subcategories: content and commerce. These technologies generally recommend either

> The old Internet, made up of homogenous content for all users, is on its way out. Meet its replacement, the Internet of You.

content – such as news or related sites – or commerce in the form of personally relevant products. This is all semantics, though, and should be pushed aside momentarily to remember one overarching theme: the era of the one-size-fits-all Web page is over.

New technologies cover the market map, but, almost without exception, are singularly focused on transforming the dusty Internet we currently use into an individually customizable Web.

COLLABORATIVE VS. AGGREGATED DR

Current methods of determining personalized browsing tastes include collaborative filtering – making predictions about one user based on the tastes of many – and the more basic approach of aggregating votes and/or clicks to determine mass popularity. Retail sites like [Amazon](#) and [Netflix](#) have struggled with collaborative filtering, as its algorithms are flawed. If a user buys children's books at Christmas, for example, Amazon recommends Dr. Seuss all year long. Sites like Amazon quickly learned that their customers needed a bit more control of their experience, and that set the course toward today's improved personalization. Whereas earlier methods lumped people into previously determined groups, the advent of social networking allowed people to choose their own groups. This proved so attractive to users that they began to demand it in every area of their Internet lives. Netflix in particular has listened; it launched a contest last October that will award \$1 million to the first team who develops a recommendation system 10% more accurate than the company's current method. Eighteen thousand teams around the world have submitted ideas, and the company has already seen a seven percent improvement. It is virtually guaranteed that whoever wins will also see significant attention from other companies working to refine their DR systems.

We're seeing the same trend that likely led Netflix to its contest: innovation in DR isn't happening at [Google](#), [Yahoo](#), or [Microsoft](#). It's happening at forward-thinking startups, with small teams of engineers developing creative and unique algorithms to better understand users. The Internet giants will capitalize

> A major player in this space claims to demonstrate a 20% increase in sales based on its recommendations.

on these efforts rather than spend large amounts of capital developing their own. This fact was reinforced at last month's [Supernova](#) conference, when [AOL](#) and Yahoo executives told the audience that "true personalization takes too much effort."

They instead prefer to group users into buckets and target content and ads to them accordingly. This method isn't going to hold water with today's Internet user. It's too broad, too homogenous, and doesn't gibe with the overall trend of individual personalization of Web 2.0 (and 3.0). Simply put, sophisticated behavioral targeting will produce a higher rate of return for everyone involved.

THE FUTURE OF DR

DR is still new enough to elicit numerous questions. How to personalize effectively without privacy intrusion? What specific aspects of the Web do users want personalized? What is the magic formula that will generate accurate results? It's best to tackle DR from the end up by answering the last question first – and every company answers it differently with its algorithmic approach. Perhaps the best known in this space is [Aggregate Knowledge](#), a company focused on discovery in both content and commerce. Its algorithm is agnostic to the underlying content and much like collaborative filtering, measuring the collective behavior of users. By anonymously tracking user reading and browsing patterns, Aggregate Knowledge delivers results without building up a time-consuming personal profile. The company is well-funded, having closed a \$20M Series B round in April, and is generally viewed as the pioneer in DR.

There are others in this space that don't have the name recognition but are taking DR into interesting new places. One we particularly like that hasn't seen much press is [VortexDNA](#), a New Zealand company that places extra emphasis on the "personal" aspect of DR. Built around the idea that users' values are relevant to their Web use, the company develops numerical profiles of users based on their beliefs and life focus. The software never tracks users' histories, instead basing results solely upon the seven-digit profile numbers, keeping no record of the identity of users that have clicked on a link. [Loomia](#), much like Aggregate Knowledge, provides both content and commerce recommendations but bases its analysis on intricate observations of a site's user base. Examining more than just items viewed, Loomia's algorithm considers how long a user stayed on a page, which search results were used to arrive there, whether a page was bookmarked to [del.icio.us](#) or [Digg](#), and more.

Companies focused solely on content discovery and recommendation tend to vary widely in presentation and aim. [Stumbleupon](#) has been wildly successful in its discovery efforts and was recently acquired by [eBay](#). Though it remains to be seen what eBay intends to do with its acquisition, the company's part discovery/part social networking approach is enormously popular, and its deep customization of user preferences will surely extend to commerce at some point. Relative newcomers [Thoof](#) and [Spotplex](#) dwell in the blog and news recommendation space, looking to unseat stalwart Digg, a site that all now acknowledge is too skewed to the uber-geek crowd and far too easy to manipulate.

The market potential for personalization, discovery, and recommendation is enormous and hasn't yet been quantified because of several factors. Confusion over precise definitions and labeling, a large learning curve on the part of the user and the erroneous inclusion of customization in the sector all combine to equal a market that is still too hazy to measure accurately. We can posit the following, though. A major player in the space claims to demonstrate a 20% increase in sales based on its recommendations. Even if we were to profess skepticism by cutting that in half, the potential increase would translate to \$14 billion, calculated from [Forrester's](#) measurement of the overall 2006 online sales. That only accounts for the commerce side of DR; potential revenue for

content providers may not be as large but would also be impressive in its own right.

> Though the number of players has grown exponentially in just one year, their approaches and philosophies are disparate enough to ensure that the market is still in its infancy.

One thing is assured with DR – it won't gel quickly. Though the number of players has grown exponentially in just one year, their approaches and philosophies are disparate enough to ensure that the market is still

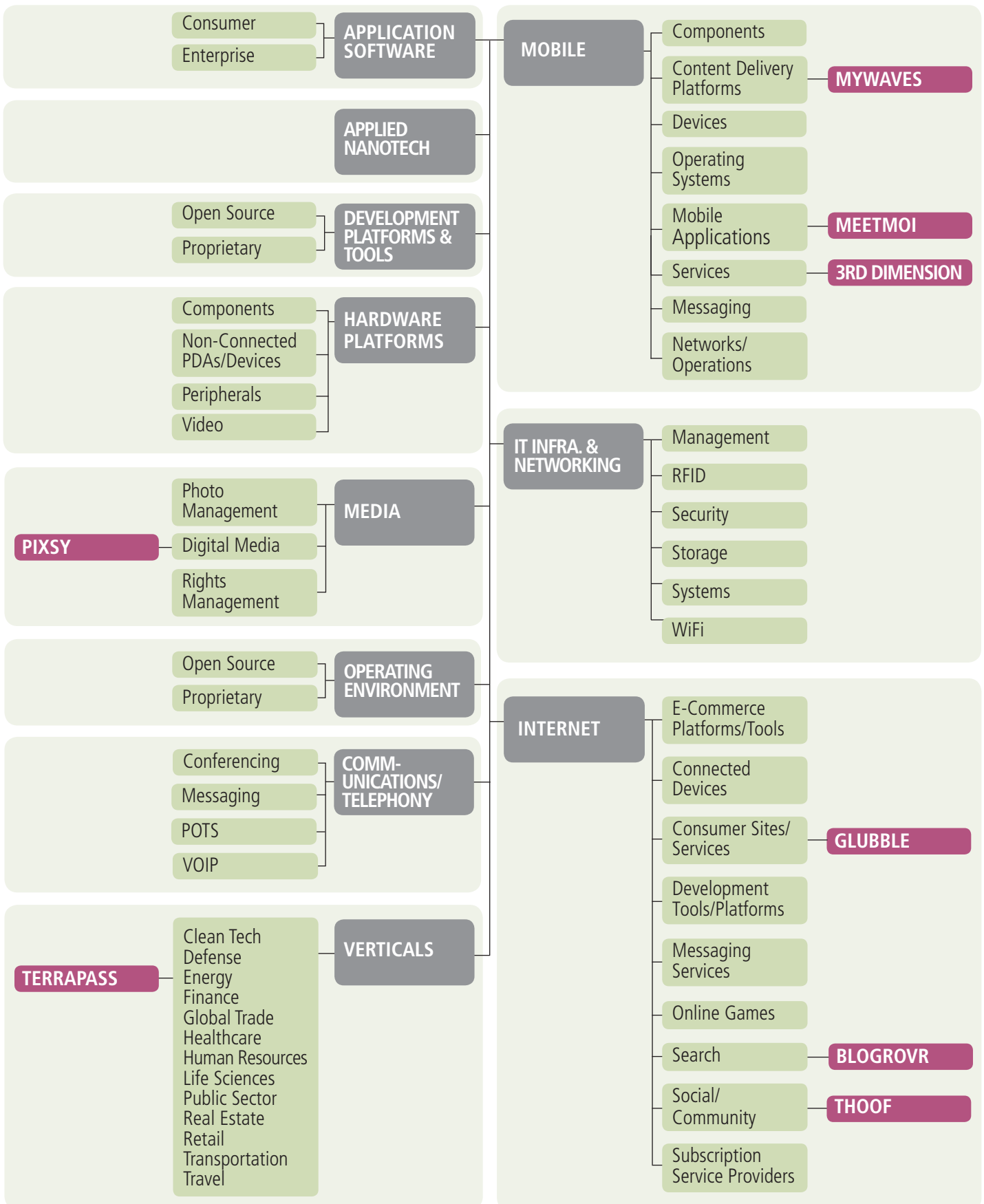
in its infancy. Each company applies its own label to its solution, attempting to make a singular mark on the industry, but instead leaving us with one hundred different paths to navigate. Additionally, users will need to learn a new method of Web interaction – even if only an amendment of expectations – a process that will take years rather than months.

As the sector matures, individuals will have more control over their online experience. Rather than following links, the links will follow them to the application and environment of their choice. This is already occurring with desktop widgets, where Internet content is delivered continuously without a browser, and the mobile space, where all manner of content is being optimized for the small-screen environment. Once the competitive landscape settles out, the industry giants absorb the algorithms of their choice, and the major players establish a stronger foothold, discovery and recommendation will no longer be tech buzzwords; they'll be the industry standard by which all Internet content and commerce are delivered. - *Carla Thompson*



Guidewire Group Technology Market Map: July 16, 2007

Mapping this issue's companies to our market taxonomy



3RD DIMENSION: *Live video to mobile devices*

FOUNDED: 2000

FOUNDERS:

Bruce Laskin, COO; and
Paul Grillo, CEO

FUNDING STATUS:

Self-funded

MARKET CATEGORY:

Mobile services

COMPETITORS: impress-

Globe Technologies

BASICS:

3rd Dimension, Inc.
201 West 52nd Street
New York, New York 10019
USA

+1-212-265-7260

+1-212-586-8347 (fax)

info@3rddimensiontech.
com

[www.3rddimension-
tech.com](http://www.3rddimension-tech.com)

S U M M A R Y

Reintroducing itself to the mobile applications market, this year 3rd Dimension, Inc. launched a new application for viewing traffic cameras on your mobile phone. A white-labeled service, 3rd Dimension licenses its technology often to media outlets such as local radio and TV news stations (e.g., WCBS in New York) and other organizations. Advertiser supported, users with a BlackBerry, Palm Treo, Windows Mobile Device, and a few other phones can download the traffic camera viewing application from the station's Web site.

The cameras are operated by the various cities' departments of transportation (DOT). To be able to distribute their content, 3rd Dimension offers to install its mobile server at the DOT for free, allowing the agency to use it for public safety personnel. In return, 3rd Dimension resells these feeds. The company is currently operating in ten cities and plans to be live in 50 cities by the end of the year. The company has one significant competitor, impressGlobe Technologies, Inc. of Canada, which is operating in just a few cities.

In addition to traffic cameras, 3rd Dimension is releasing two other mobile products: a security product for mobile monitoring of a wi-fi-connected camera and a golf product for monitoring cameras during a tournament.

Chief Operating Officer Bruce Laskin has spent 15 years as a serial entrepreneur in the mobile space. He founded AirMedia and the mobile infrastructure company RTS Wireless. His partner, CEO Paul Grillo, spent many years at Digital where the two met. Grillo is also 3rd Dimension's financial advisor and investor.

G U I D E W I R E V I E W

3rd Dimension has what every technology company wants – someone else that's motivated to do the promotion and ad sales for you, plus a partner eager to give its content to you for free. Television and radio stations that license 3rd Dimension's technology promote the product on air and on their Web sites. In addition, they already have a sales staff in place, so they can sell the mobile application advertising. For the various departments of transportation, they want everyone knowing about and accessing their cameras: not just emergency personnel, but also the public at large.

While the mobile video market is far from mature, 3rd Dimension is quickly building out its infrastructure to be ready when mobile video adoption takes hold. The mobile application developer can continue to focus on improving and building its technology while it lets the transportation departments create the content, and the media outlets promote the application and sell ad inventory.

- David Spark

FOUNDED: January 2006

FOUNDERS:

Marc Meyer, CEO; and Jean Sini, CTO

FUNDING STATUS:

Angel funded

MARKET CATEGORY:

Internet search

COMPETITORS: Yoono, Intellect Watson, BlueDot, and Me.di.um

BASICS:

Activeweave, Inc.
1000 Chestnut St.,
Suite 11D
San Francisco, CA 94109
USA
+1-650-218-4095
info@blogrovr.com

www.blogrovr.com

S U M M A R Y

BlogRovr is the second product from Activeweave, following on Stickis, a Web annotation service. A plug-in for Firefox browsers, BlogRovr recommends posts from users' favorite blogs based on the content they're currently viewing. As a user browses, the BlogRovr tool analyzes the content. If it matches any posts in the user's blog preferences, a small tray slides in from the side and shows summaries of the relevant posts. One click on the summary brings up a note that hovers over the page, two clicks takes one directly to the blog site. The company views its BlogRovr tool as an alternative to search, a continuous personalized search, and a valuable research tool that doesn't require active exploration.

Activeweave plans a revenue path for BlogRovr based on contextual advertising, using attention stream data to add context to the advertising. Ads will likely be in the sidebar tray but also on relevant sites if partnerships with ad networks are established.

The company has attracted experienced executives and noted tech names. Esther Dyson, of Release 1.0 and PC Forum fame, is an investor and advisor to the company, as is Ed Bugnion, co-founder and CTO of VMware. CEO Meyer was a founder and principal architect of Tibco, a major provider of business process software.

G U I D E W I R E V I E W

Another entrant in the race for passive Internet personalization, BlogRovr is on the right track with a product that works silently and relatively seamlessly as you browse. We must admit to initially uninstalling the product after several uses; the intrusion of the sidebar proved annoying, popping up each time we accessed the Google home page. But we found our browsing experience lacking without BlogRovr and reinstalled it. The sidebar can be temporarily disabled or tweaked to only show posts written after a certain timeframe. It is an enormously helpful research tool, and our browsing experience is the better for it. We especially like that it recommends posts only from personally selected blogs and others of the same ilk. Competing services such as Yoono tend to supply more noise from the blogosphere than helpful content.

BlogRovr has some momentum behind it with the aforementioned executive and advisory team, in addition to being one of Firefox's 25 recommended add-ons. However, Yoono has added some compelling additional features and has a higher profile in this sector, as does Me.di.um. BlogRovr will need to incorporate additional functionality and further refine its interface to catch up to its competitors. Whether it will be able to overtake them remains to be seen.

- Carla Thompson

FOUNDED: 2005

FOUNDERS:

Ian Hayward, CEO; and Willem-Jan Schutte, SVP

FUNDING STATUS:

Friends and family

MARKET CATEGORY:

Internet consumer sites and services

COMPETITORS:

CyberPatrol, NetNanny, and SafeKids

BASICS:

Glaxstar

340 Bryant St.

Palo Alto, CA 94301

USA

+1-617-642-2908

press@glubble.com

www.glubble.com

S U M M A R Y

Glubble is a Firefox plug-in that allows parents to create a personalized Internet for their children. Instead of filtering, Glubble restricts kids to sites that have been approved by their parents, as well as search engines like Google and Yahoo. The company provides a starter pack of 350 kid-friendly sites and allows parents to add sites of their choice. If children find a site they want to add, they request permission from their parents via email. Parents can then approve the entire new site or only specific pages. Kids are also able to perform searches on Google and Yahoo; with only approved results being displayed. Lastly, children are given the ability to chat with anyone in their Glubble. If they wish to add a friend to chat, invitations are sent to both sets of parents, and both must approve before the friend can be added.

Glubble is free and will remain so, with plans to charge monthly subscription fees to parents who prefer to put approval/disapproval/rejection responsibilities in the company's hands.

G U I D E W I R E V I E W

The market for Internet filtering software has been relatively flat in the past few years. Stalwarts like NetNanny and CyberPatrol continue to sell, while little innovation has taken place elsewhere. Glaxstar is taking a new approach, and we welcome it. Glubble creates a literal bubble in which children can surf without having to make value judgments of content. We like that decisions are left up to each family. The chat feature and ability to search freely on Google are icing on the cake and sell us completely on the product.

However, we foresee a couple of problems with the Glubble approach, one of which is that Glubble needs a different starter list for older kids. Though the product is aimed at children under 12, those at the older end will quickly run through the approved list of sites and begin inundating their parents with approval requests. A much larger problem is supporting Firefox only. Internet Explorer is on all Windows PCs and, with no Glubble plug-in, could easily be used to avoid the controls. We recognize Glubble's close ties with the Mozilla foundation, but the lack of support for IE must be addressed.

Glubble is a sophisticated, well-thought-out solution to a very real problem for consumers. But we are also concerned about the company's revenue model. We question whether enough parents will take the "lazy" route and leave site approval to Glubble in exchange for a fee. Glaxstar should pursue other paths to profitability, such as kid-friendly advertising. We hope the product earns such an ardent following that advertisers will flock to it. - *Carla Thompson*

MEETMOI: *Location-based mobile dating service*

FOUNDED: 2006

FOUNDERS:

Andrew Weinreich, CEO;
and Jeremy Levy, CTO

FUNDING STATUS:

\$1.5M Series A from Acadia
Woods Partners

MARKET CATEGORY:

Mobile applications

COMPETITORS: Icebreaker,

Love, Zogo, Jumbuck
FastFlirting, and Webdate
Mobile

BASICS:

MeetMoi, LLC
45 W. 25th Street
11th Floor
New York, NY 10010
USA
+1-917-606-5333
+1-646-924-3271 (fax)
press@meetmoi.com
www.meetmoi.com

S U M M A R Y

Launched in February 2007, MeetMoi is a location-based mobile dating service for individuals who are impulsive or not good at planning ahead. Users register and provide a personal profile. Then, by inputting an address in an SMS message and sending it to MeetMoi, members receive profiles of other members in the same neighborhood. The exact locations of the users are not revealed. Initial contact is via SMS, and if the right things are said, a face-to-face meeting can occur within an hour. More cautious individuals can exchange text messages for weeks before deciding to take the leap or end the flirtation.

MeetMoi chose to use SMS rather than a WAP browser for greater ease of use and broader handset compatibility. A WAP version, which is what most competitors use, will be released this summer.

Registration for the service is free for now, with MeetMoi generating revenue from a share of the carriers' SMS revenue. The fee is 99 cents for up to 10 text or picture messages with the person with whom the user initiates contact. Sharing pictures is optional. MeetMoi is currently available through all major U.S. carriers except Verizon.

Andrew Weinreich, the founder of sixdegrees.com – one of the first social networking sites – conceived MeetMoi. He believes that social networking will increasingly be carried out in a mobile environment because the immediacy is appealing. The company is still fine-tuning the service and is asking for comments on a planned referenced membership category that will include a third-party testimonial.

G U I D E W I R E V I E W

All the mobile dating service providers are small companies, and differentiation is hard to achieve within the confines of a mobile environment. Internet dating behemoth Match.com is planning to add a mobile version shortly that may push out some of the existing players. However, the market has legs: more than 3.6 million people accessed a dating service from a mobile phone in March of 2007 alone, according to research firm M:Metrics.

Individuals who use mobile dating services seem to value immediacy and proximity over personality characteristics, and they probably represent a limited percentage of the dating pool. And many potential users may worry about security issues such as GPS tracking. Weinreich is an experienced serial entrepreneur who plans to address these concerns and differentiate his company with MeetMoi's optional referenced membership. Because the current revenue model does not generate a lot of money, we believe that MeetMoi should consider charging for referenced memberships.

The provider that can offer the easiest access and the most secure environment will likely be the winner in the mobile dating arena, and MeetMoi certainly has a chance to be that winner. - Marcia Kaplan

FOUNDED: 2005

FOUNDERS:

Rajeev Raman, CEO

FUNDING STATUS:

\$6M Series A from Menlo Ventures; Series B raised but amount undisclosed

MARKET CATEGORY:

Mobile content delivery platform

COMPETITORS: Direct:

Oplayo, MobiTV, and SmarTVideo. Indirect: Qualcomm FLO TV and YouTube

BASICS:

Mywaves, Inc.
440 N. Wolfe Road
Sunnyvale, CA 94086
USA
+1-408-524-1499
+1-408-524-1497 (fax)
feedback@mywaves.com
www.mywaves.com

S U M M A R Y

The premise behind Mywaves is that people want to watch short snippets of entertainment videos or news on their mobile phones when they want, not necessarily in real time. And they want a wide selection. On its Web site, the company serves up over 70,000 “channels,” including Web videos, RSS video podcast feeds, personal videos, viral clips, and excerpts from cable shows such as Comedy Central, CNN, and MTV. The service can be launched either from a mobile phone’s Web browser or from a downloadable application. With Mywaves’ AutoChannel service, users can create their own channel by providing a keyword, and Mywaves will then search for and collect clips on that topic.

Another feature allows any third-party Web site that contains videos to sign up for a free Mywaves “SND2MBL” function that, with a few lines of html code, places a button next to the video. A visitor can click on the “SND2MBL” button, enter a mobile phone number, and get the video downloaded to the phone. There is also a premium version of SND2MBL that provides audience metrics to the third-party sites.

The free service was launched in December 2006. By April 2007, 400,000 users in 142 countries had signed up, thanks partially to an “invite a friend” option allowing users to let others know about the service.

Currently, the company gets its revenue from payments for preferred channel placements and the premium version of SND2MBL. Advertising and other forms of mobile marketing are planned for the near future, with the resulting revenue shared with content owners. The company has already partnered with mobile advertising aggregator AdMob to enable click-to-video advertisements for AdMob advertisers. Starting this summer, mobile Web users will have the option of watching a video from a landing page when they click on an advertisement via AdMob.

Besides Rajeev Raman, who was an Entrepreneur-in-Residence at Menlo Ventures, the executive team includes veterans of Yahoo, Napster, Danger, PayPal, and TiVo.

G U I D E W I R E V I E W

We applaud Mywaves’ decision to take a handset- and carrier-agnostic approach, allowing for wide distribution and avoiding carrier-imposed limits on the content available to each consumer. By letting consumers choose their own channels, Mywaves gains an international footprint without having to allocate resources to research local markets and determine what is popular.

The “SND2MBL” function is an ingenious and easy way for content owners and brands to disseminate videos to mobile phone owners. This capability also creates valuable viral marketing for Mywaves as well as content and brand owners. The company says it is adding 20,000 new users a day without any marketing efforts. Its free approach is a winning proposition. - Marcia Kaplan

FOUNDED: 2005

FOUNDERS:

Chase Norlin, CEO; Richard Lerz, president and COO; and Sean Anderson, chief software architect

FUNDING STATUS:

Angel funding

MARKET CATEGORY:

Digital media

COMPETITORS: Blinkx,

SearchforVideo, AOL Video, Picsearch, Yahoo and Google

BASICS:

Pixsy
333 Bryant Street, Suite 180
San Francisco, CA 94107
USA
+1-415-227-0800
info@pixsy.com
www.pixsy.com

S U M M A R Y

Pixsy is a digital media search platform that lets Web sites run their own branded image and video search engines. It aggregates digital content from across the Web, then indexes it for easy search and browsing. The company also recently launched its own destination site, displaying media from 3,000 sites, for consumers who want to “channel surf.”

Pixsy trawls the Internet on an hourly basis, aggregating and categorizing image and video results into verticals, and distributing the updates to client sites. Each client site customizes its particular search engine – only hip-hop videos, for example, or celebrity paparazzi shots, and the results come from the entire Web or selected sites only. Pricing varies depending on the complexity of the configuration a customer requests but is about \$2 per CPM per 1,000 queries, with flat fee options available.

The company has an experienced management team, with execs from InfoSpace, Microsoft, and ValueClick. Three in particular tout impressive resumes in their respective areas. CEO Norlin created Sony’s first online photo and video sharing ventures. CSA Anderson led the special applications development team for MSNBC’s Summer Olympics and the ’96 presidential election. And VP of Sales Kevin Gianatiempo has held senior sales positions at Tribal Fusion, Weather.com, and DoubleClick.

G U I D E W I R E V I E W

Image search is the fastest growing search vertical, according to a Nielsen/NetRatings 2006 study. We have no doubt that continues to hold true, if only because of the number of companies entering this space. Most are destination sites with snappy interfaces that will be hard-pressed to compete successfully against Google and AOL’s video searches. Blinkx recently announced a new advertising platform that will place targeted ads alongside, or even in, videos.

We like Pixsy’s technological approach of aggregating both images and video and focusing on white labeling rather than running a destination site. The company has rightly identified that many established sites need a video/image search function, but don’t want to bother with developing one.

Pixsy has made some customer inroads, Travelocity among them, and created a good amount of buzz to date – the company was named one of Time Magazine’s 50 Coolest Web sites in 2006. But this is a competitive and aggressive market. Pixsy currently catalogs tens of millions of images, while Yahoo has 1.5 billion. It hopes to break the one billion mark in the next year or two, though, and the executive bench is impressive, with most every seat filled by a top-flight veteran in his field. While the business savvy of Pixsy may win out over the upstarts, it will be a messy fight. - *Carla Thompson*

TERRAPASS: Lets consumers offset carbon pollution by contributing money that is invested in green projects

FOUNDED: 2004

FOUNDERS:

Tom Arnold, chief environmental officer; and Adam Stein, VP marketing

FUNDING STATUS:

\$50K angel funding from Josh Kopelman and Greg Dixon; \$250K from Green-SHIFT. Undisclosed Series A amount from Maveron and Nth Power

MARKET CATEGORY:

Energy

COMPETITORS: Driving Green, Climate Care, Native Energy, The Carbon Neutral Company, and Carbonfund.org

BASICS:

TerraPass, Inc.
568 Howard Street
San Francisco, CA 94105
USA
+1-415-692-3411
+1-415-520-9230 (fax)
info@terrapass.com
www.terrapass.com

S U M M A R Y

TerraPass lets environmentally conscious individuals mitigate the effects of the carbon they produce by buying a “pass” on the company’s Web site. TerraPass invests the proceeds in wind energy and biomass projects. An independent third party conducts an audit of emissions reductions generated by these projects.

Separate programs exist for cars, airplanes, homes, and dorm rooms. Even weddings – all those people traveling to the event cause pollution — can be carbon-balanced. In exchange for the pass, purchasers receive a small souvenir like a decal or luggage tag.

By inputting some information on the Web site, consumers can calculate their emissions and the appropriate fee. For example, a vehicle pass costs between \$29.95 and \$79.95, depending on the type of vehicle and mileage, while flight passes range from \$36.95 to \$1,749.95. Home programs are between \$34.93 and \$139.72, depending on how much CO2 one produces. Travelers who use Expedia can buy a \$6 TerraPass along with their ticket, and about 1,000 people a week are doing so. The company also has revenue-sharing agreements with a number of other partners.

Erik Blachford, formerly CEO of Expedia, joined TerraPass as CEO in May 2007. Tom Arnold and Adam Stein are both MBA graduates of the Wharton School, where Professor Karl Ulrich launched the concept for TerraPass as a class project in 2004. Arnold had previously worked at Redback Networks and Mercer Management Consulting.

G U I D E W I R E V I E W

TerraPass is the only carbon offset company focused exclusively on consumers rather than businesses. Those who buy a TerraPass are likely to be well educated and wealthier than the average American. They are also more likely to drive SUVs, fly frequently, and create a lot of pollution. While carbon offsets let them balance out the damage, an argument can be made that it would be better to minimize carbon production instead of compensating for the environmental damage it causes afterward.

Some environmentalists have criticized the TerraPass concept for this reason, as well as the lack of standards for calculating carbon neutrality. Arnold readily admits that TerraPass does not attract the type of person who joins the Sierra Club, who is usually older than the typical 25- to 40-year-old TerraPass purchaser. Nonetheless, the company has sold 65,000 passes in all 50 states and hopes to reach 100,000 by the end of 2007, so it has traction.

Because Americans have been stubborn about changing their lifestyles to reduce pollution, we believe TerraPass fulfills a need in a way that people will embrace. TerraPass is unique in solely targeting consumers, and its policy of providing independent audits gives it the gravitas to attract more people to its cause. - Marcia Kaplan

FOUNDED: December 2006

FOUNDERS:

Ian Clarke, CEO; Andrew Clarke, CTO; Alan Ren, CFO; and Scott Miller, chief architect

FUNDING STATUS:

\$1M seed round with Ron Conway and Austin Ventures

MARKET CATEGORY:

Internet social/community

COMPETITORS: Digg and

Reddit

BASICS:

Thoof
1617 W 6th St., Suite C
Austin, TX 78703
+1-512-524-8932
feedback@thoof.com

www.thoof.com

S U M M A R Y

Thoof is a personalized news site focused on the concept of passive discovery, with users contributing, commenting on, and altering content. Thoof aims to algorithmically determine each user's general interests and present relevant items to them in a convenient form. This is in contrast to other personalized news engines, which require a lot of data before a user's interests are understood. Thoof claims to be able to ascertain users preferences as soon as they begin using the service.

Rather than a rating system, which is prone to hacking and easily manipulated by savvy users, Thoof measures its content by the number of views or clicks an item receives. Every link in Thoof is also tagged by the submitter – an important detail as its algorithm relies heavily on the tags. Each item features an “improve” button, allowing the community to make changes to the tags, comments, or link. Thoof sees collaborative editing as an important part of the targeting process. For example, a user could submit a fake item to the site – “Giant comet headed to earth” – that would understandably receive a large amount of clicks. The editing process would expose this item as a fake, adding a second level of substantiation to the site.

Thoof plans an advertising-centric business targeted to specific users through their submission and reading history on the site. The company is also open to licensing its algorithm to third-party sites.

G U I D E W I R E V I E W

Thoof just recently launched and, until a large community is established around the site, it will be difficult to gauge the effectiveness of its algorithm. The current site is basic, with no categories or tag clouds to facilitate passive discovery. Product-wise, we'll have to keep an eye on the site to see how it develops. The company will need to add a large amount of functionality and feature to make Thoof truly engaging.

If Thoof puts its collective mind to it, we believe it could make an impact in this sector. The competition looms large – Digg is one of the most well-known Web 2.0 brands, and Reddit has established a good following of its own – but there is much to be improved upon and Thoof seems to have correctly identified where to focus. We especially like its recognition of the faults of a rating system. CEO Clarke formerly founded Revver and discovered that almost no one used its ratings feature. If a site's collaborative filtering is dependent on ratings, it's far too dependent on user whim. But Thoof has some significant design improvements to make before it can affect a real impact in personalized news. - *Carla Thompson*

New and Noted

> AYLUS NETWORKS	Technology for sharing multimedia on mobile devices.
> CHRISTONIUM	Sharing of concepts through social connection.
> ICONTACT	E-mail marketing and blogging software.
> LOOKERY	Ad network for Facebook app publishers.
> MAHALO	Human-powered search.
> MOBILE CAMPUS	Free text messaging for college students, faculty and staff.
> NIVIO	Virtual Windows desktop.
> POWNCE	Peer-to-peer sharing.
> RECURRENT ENERGY	Solar as a service for large property portfolios.
> SEARCHBOTS	Personalized bot for searching the Web.
> SYMBALOO	Personalized start page.
> VOICEINDIGO	Mobile marketing service for podcasts.
> VUDU	Access movies from a TV, without needing a PC or Cable TV service.
> XCAVATOR	Advanced visual search for images.
> YUNTAA	Alternative way to back up, store, share and access a PC's contents.

THE GUIDEWIRE REPORT

The Guidewire Report is published twice monthly by Guidewire Group, Inc. and is offered on a subscription basis for \$2,995 (24 issues) per year for a single-user license.

Please visit www.guidewiregroup.com to subscribe. As part of its Company Intelligence Service offering, Guidewire Group also provides clients with in-depth analyst evaluation and introductions to the companies profiled in The Guidewire Report.

For information about this service, site licenses, or library copies of The Guidewire Report, please contact:

sales@guidewiregroup.com or call +1-415-503-4063.

Editorial

**CO-FOUNDER
MANAGING EDITOR
EDITOR
ANALYST
CONTRIBUTING ANALYSTS**

Chris Shipley	chris@guidewiregroup.com
Charlotte Ziems	charlotte@guidewiregroup.com
Kristin Kueter	kristin@guidewiregroup.com
Carla Thompson	carla@guidewiregroup.com
Yardena Arar	denny@guidewiregroup.com
Marcia Kaplan	marcia@guidewiregroup.com
Dave Mathews	dave@guidewiregroup.com
Scott Miller	scott@guidewiregroup.com
David Spark	dspark@guidewiregroup.com
Cathy Krizik	cathy@cathykrizik.com

DESIGNER

Corporate

**CO-FOUNDER
MARKETING DIRECTOR
OFFICE MANAGER**

Mike Sigal	mike@guidewiregroup.com
Julie Learmond-Criqui	julie@guidewiregroup.com
Joanne Donn	joanne@guidewiregroup.com



Guidewire Group, Inc., is a global market intelligence firm focused exclusively on early-stage technology companies and emerging markets. Guidewire Group provides The Guidewire Report to corporate and investor clients and pre-growth startups and entrepreneurs. Guidewire Group publishes contextual market analysis and produces the acclaimed I of Innovation podcast series on The Guidewire Connection at www.guidewireconnection.com. For information on The Guidewire Report contact sales@guidewiregroup.com