

Telefónica



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Hi, I'm Zaryn. So I am the founder of Tuenti. I don't know if all of you know, but hopefully after today you will know what Tuenti is and you'll see and you'll be impressed with all the cool stuff we've been doing in Spain. I'm American, but actually I run the biggest Internet company in Spain. So it's a little bit unusual but here we are, multi-local Telefónica, right, so I guess I fit in somewhere.

I'm going to talk to you a little bit about where we are today, the strategy with which we've seen social networking and then I'm going to tell you a little bit about some of the things we're doing with Telefónica. But before that, I just want to make a really important point, and I think that this is something that's not said enough, is that social networking is just getting started.

And I've been in this. I'm 27, I started the company when I was 22 and I'm somewhat of a veteran now in the social space, but what I can tell you is that a lot has changed in the last five years and a lot more is going to change. And I'll tell you about why we see things that way, and that's one of the reasons why we've done this deal with Telefónica, why we're now part of the Telefónica Group, because we see a big future in social networking and a big future working with Telefónica.

So what's Tuenti? Tuenti is "Tu entidad" in Spanish, it doesn't stand for the number 20, some people think that. We're the largest website in Spain, we have the most traffic. More than anyone else, that means yes, more than Google, yes more than Yahoo, more than Facebook, we're the biggest site in Spain. That means our users navigate the site for over 80 minutes a day. We have over 30 billion page viewed a month that makes us one of the most traffic sites in Europe in fact, this is a high amount of traffic, talk to Akami, our CD networks if you don't believe me, he'll tell you. Those are CDNs by the way.

And we have over 3 million photos uploaded a day, our users view over 20 years of video a day. Just to put into perspective the amount of video that's used on the platform. So, Tuenti is an integral part of Spanish culture. We're an enormous platform and we've been able to do that in five years. We've been able to do that because of our focus on a private, invite-only network. It's about real people with real information, which you'll see in my presentation is what we believe is the core for winning in social.

So this is where we've come from, this is our user growth from 2006 when we launched the site. You will see it was a bumpy ride there at the beginning, but that's because its invite-only so growth is slow. I started it with three other friends so the four of us started this site there at the beginning.

We invited our friends, they invited their friends. A ruthless focus on product and engineering. We're an engineering company and I think that ruthless focus on product and engineering is what led us to improve the product, improve engagement and win with one of the most engaging products in the world.

You can see we didn't focus on monetization for a while we focused on product, product, product. We focused on core, profile functionality which meant that we would win in the Spanish market and it paid off. We became the biggest site in Spain some time, when was that, yes, gosh, 2008. We grew, grew, grew. We launched a mobile platform which is really important for us but interestingly enough we didn't launch that back until 2009 and it's now the biggest mobile site in Spain.

We hired our 100th employee; we launched our local platform which is called Tuenti Places or Tuenti Sitios. And there you go, we did the deal with Telefónica and we've continued to grow pretty aggressively since then, in Spain.

So this is our history. I think this speaks a lot to what's happened with us and how we've had success but I think it's important to put this into the context to the overall market. If you think about what's happened between 2009, 2010, 2011, especially, even going back more there used to be a lot more social networks. Where's MySpace, where's hi5!, where are all these networks, all these local networks, StudiVZ, all these different networks that used to exist?

The ones that didn't focus on the real things that matter which were engagement through real information and real people engaging the platform every day, the sites that didn't focus on that don't exist today. But we do because we focused on those core fundamentals that are important. So I think this is an important history lesson. The next I want to show you a quick video just gives you an idea of what the site looks like. So if we can roll that.

(VIDEO PLAYING)

So that gives you a little bit of an idea of who we are. You saw the places product in there, for all the little places on the map of Spain. We have over 800,000 places in our network, in Tuenti, that users interact with. They can check into, they can put reviews on, it makes where you go and what you do, social.

So I just want to talk to you briefly about our core strategy and the way we see social networking. It's also the way we've seen social networking for a long time and this is how we are breaking up the different units of our business and how we're focusing on dedicating our engineering resources.

So the first thing you see in the center is the social identity so that goes back to what I was telling you guys before. For us in social networking the fundamental most important thing, more important than anything else is the real user with real information and real identity. That we understand the user, that they put real information into the network and that we can leverage that data to make their social experience relevant, that's the most important thing for us.

And that's what a lot of social networks have failed and that's one of the reasons why we've been always a private, invite-only social network is to focus so obsessively on the real information. Around that we believe there is a social experience that we think is

rapidly changing. And I think that it's important to think about where do you get social value in what you do.

And so this is where we've been approaching the problem in terms of your real friends, what you do in a day-to-day, how you can be very local. Right now we're in Spain, we want to go beyond Spain but we're in Spain because we had to have a laser focus on one market.

We had to be local, not just in Spain but local in where you live and what you did. And so we focused, obsessively, on what people did in their day-to-day life, where they went, the things they did, everything around them. And for that, for us that's local and we think that's really important because we think the Internet needs to be local.

The next, big frontier is how you actually make the Internet local, how can you have the skill that's as global as possible, but how can you be focused on being very relevant locally? And so that's our entire local strategy that I'll talk to you briefly about.

The social core services are the core services that exist on top of the identity platform. Those are like the traditional kind of things you think about when you think of a social network like chat and messaging and profile, and walls and all those features, and I'll talk about that.

And then finally mobile. Mobile, is inextricably part of what a social network needs to do today. Everything is going mobile. The biggest growth that we're seeing now is not in social networking, it's in mobile applications, these What's Apps, these BlackBerry Messenger, these different clients, they're blowing up, they're exploding, they're transformative.

It's a massive change that's going on and we at social networks need to understand and need to adapt to that. Because people want to do these things, but they also want to have this full social networking experience around it.

So core services. This is something we focused a lot, at the beginning of the company, we still focus on today and it is essential for social networking. That's your profile, your identity, your chat. In Tuenti, we have over 200 million chat messages sent a day. Just to give you an idea of the volume that existed, Spain used to be one of the highest penetration markets for MSN Messenger in the world. That's not the case anymore.

Things change very fast and we're able to use our platform and our scale and our 10 million users to push new applications and make them successful, like our chat.

Gaming. Social gaming. It's growing at an incredibly high rate. I think this statistic we ran the other day was over 55 years of time spent per day on gaming. So just insane numbers there as well. People, millions of people logging in every day, playing games, buying virtual currency. So obviously this is something that we see significant growth for in the future.

And finally, media and photos and video. So this is the videos you upload, the tagged photos, that's obviously a massive factor in the growth of social networks. Viewing YouTube videos. But also viewing professional content. Here, making a very big push to move eyeballs from YouTube content into professional content. We've proven that we can make user-generated content interesting. Unfortunately, it's not as monetizable as professional content. And now what we're doing is we're starting to put professional content in front of those viewers, like what Fernando's showing with Terra, we're doing the same thing in Spain. We're signing deals with MTV, with Turner. We're starting music. We're putting professional content in people's eyes and what we're realizing is that we're becoming a more important platform than traditional platforms like television.

Not only a more important platform, but a better advertising platform, where advertisers can advertise to a person with their name, their last name, that lives in a place and there's a certain social demographic, right? So we're starting to leverage that data we have to actually make things smarter.

The second part, and this is really the exciting part, this is something everybody talks about right now, right? Groupon, Gowalla. All these different kinds of check-in services. Foursquare.

Local. Local is the kind of word of the month, right?

We've been a local social network for five years because we understood that local was the key to everything. That the Internet was going local. So how do we see local?

We think that positioning where you are and what you do is inherently a social thing. We think we can add massive value if we know where you are, if we know who your friends are, we think we can make your experience a lot better. And that's what local's about, for us.

And so here, we've been a pioneer, pushing forward with all our places. We launched places before anybody else was launching places in social networking. We have over 800,000 places now. We have strategic deals in place with Yell and with other players in the Spanish market for all that content.

We have check-in. We have all these, we are launching offers and deal services now, on top of that local database.

Secondly, advertising. Advertising, inherently, is local. And that's something that we have always known and that we are starting to leverage now with our long-tail database, with all the different places we have.

And thirdly, events and pages. Everything that's offline needs to be online. And so that's part of the job that we're doing to bring all this information and give it a relevant context on the web. Right?

So local is where we're thinking about everything you do on your day-to-day and we're putting it online.

Mobile. This is where it gets exciting. This is where we've got some of the stuff we've been working, some of the cutting edge stuff we've been working on with Telefónica, since we joined the Group in September. Here, the first part of what we're trying to do is we're taking everything that we've done well online, on the web, and we need to do it well on the mobile. Right?

And this is where we're seeing over 30% month-by-month growth between our applications and mobile website, because mobile's going through the roof. It's growing faster than we even expected. Everybody says kind of analysts say smartphone growth is this or mobile is that. All I can say is it's going way faster than we ever expected. And we are really, really bullish about everything mobile.

We see ourselves, not just as a web company. We've been successful as web company. But we really see ourselves, more than anything, as a mobile company, right? And that's been a big change for us, being historically good at web. We're putting most of our resources into mobile now.

So mobile is applications. Applications for iPhone, for J2ME, for Android, for BlackBerry. It's also the M.tuenti.com website.

And it's also, there's core things you need to be able to do very well through mobile and that's where we're obsessively focused on making chat really awesome on mobile, making photo upload really awesome on mobile. Why? Because those things work really well when you're out and about and you're on your phone and those are things that are going to drive massive adoption and traction.

The second part of our strategy's called Tu messenger. We use two because Tu is the name of our MVNO, the first two letters of our name and of the company. And for that, for us, what that is really thinking about how can we create a light version of our application to easily on-board people onto our experience?

So taking the chat components that we already have, that we do really well for millions of users and offering those to new users to bring them on, on board them into everything we're doing. It also involves PIN, how we pull the contacts out of the phone. So these are things we've spent years investing massive amounts of energy in and I think now there's an enormous opportunity to start leveraging things with Telefónica.

Thirdly, Tu. Tu is our first big project we've been working on. Personally, this is something I'm extremely excited about.

Everyone says, oh, what happened? Telefónica came and bought you guys? And then they told you guys you had to do an MVNO?

I said, no. It's like you've got no idea.

Building an MVNO has been a dream. It's been a dream of ours for a long time because we felt, on this website of things, that we had so many restrictions. We felt the people in our website, then they go on their mobile phone and we wanted to work closer with those users to make sure that they had the optimum experience. And running our own MVNO is the best way to do that.

We can control everything.

The way we see the MVNO is through these three areas. Right? We can control the handsets. We control the mobile service provider offering. And we control the social network.

So what better system to have than the users navigating online on the website and we can connect them to a service that gives them an even better experience, wherever they are and whatever they are doing.

And one of the frustrations that we had, it's very difficult to do this when you're not working closely with an operator.

So with Telefónica, our number one priority has been to build an innovative service unlike anyone's been able to do, because no one's had the strategic positioning that we have. And that's what Tu is all about.

It's in private beta right now. I like to call it double invite only, because you have to get an invite to go on Tuenti and you have to get an invite to get onto the operator. But the reason is because we really want to make this service amazingly innovative with the platform. It needs to be completely social. It needs to be different. And that's what we're focused on.

It needs to be transparent. We have one of the strongest brands in Spain. Tuenti if you go to Spain, you'll find out. Just ask anyone.

But it's a very positive and strong brand. And our user has a very trusting relationship with us. They use us every day. They use us for hours. And we think that offering them this phone service is a really great way to extend what we're already doing and making it work even better.

Tuenti and Telefónica. So I think it's pretty obvious, right? We're the biggest website in Spain. Telefónica is the biggest infrastructure provider in Spain. And I think it starts there and I think it can go to a lot of interesting places.

I will tell you, a lot of people advise me for this deal, they said, oh, you're going to be in this company, it's going to be completely different. They're going to force you to do

things their way. They're going to crush innovation. All this stuff. Whatever. And it's total nonsense. They have no idea.

I have to say that coming into Telefónica has been amazing. We've been given complete autonomy. We've been told to try to pull from Telefónica what we can to be successful. And I actually think that Telefónica provides an amazing, amazing opportunity for innovation for a company like ours.

We're an engineering company. We're cutting edge. We need to move fast and we need to leverage these different market strengths that a company like Telefónica has and the knowledge with the operator and the position they have in the market and the scale that they have and we need to leverage all of the knowledge and the users that they have to bring value to that in a social sense.

We look at Telefónica and we see over 200 million users with real names, last names, account numbers, banking information. Telefónica is really one of the biggest social networks in the world. There's 200 million clients. It's a tremendous, tremendous asset. Right?

And so I think there's a lot we can do. We're just getting started. And I think the Telefónica synergy is going to provide massive value.

Finally, what are we focused on? I think the most important thing is that we're an engineering company. We're focused on product and engineering. Those need to continue to be our priorities going forward. We need to continue to win in the Spanish market with our services, with our core social experience, with our local experience. And we're going to win with building the best products and attracting the best engineers.

We have 200 people on the team. Over 100 of those people are some of the best engineers in the world, from over 17 countries. So we're going to continue to win the core social. We're going to continue to develop our mobile applications and services. And we're going to launch our operator in Spain and I'm really looking forward to seeing how that does and to seeing what type of innovation we can build in the market with that.

So thank you very much for your time. That's it.