

THE DISRUPTION OF SHARING

An Overview of the New Peer-to-Peer ‘Sharing Economy’ and The Impact on Established Internet Companies

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Introduction

The sharing economy is a re-imagining of the original peer-to-peer marketplace model first introduced during the 1990s by eBay, Craigslist and Napster. A shift in consumer preferences toward the “asset-light” rental model (vs. asset-heavy ownership) is apparent in the growing popularity of services such as Airbnb, HomeAway (OW), Lyft, Uber and TaskRabbit. While there is a counter-cyclical component to this “collaborative consumption” trend, there are also deeper tectonic shifts occurring within consumer psychology and Internet technology that has disruptive implications for the eCommerce and online travel industries during the next 10 years.

Within this report we will do the following: 1) describe the numerous secular drivers fueling the sharing economy’s momentum, 2) introduce readers to some of the more popular sharing companies (e.g. Airbnb, Lyft and Etsy), and 3) explain how existing businesses may be impacted (e.g., EXPE [Neutral], PCLN [OW]). We encourage readers to keep an open mind and consider broader segments of the economy (beyond lodging and transportation) that may be impacted by collaborative consumption, including education, healthcare and micro-lending. However, in the interest of time, we will focus on only three sharing economy categories within this paper: vacation rentals, ridesharing and eCommerce.

VACATION RENTALS



RIDESHARING



ECOMMERCE



Source: Piper Jaffray, Company websites

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ORIGINS OF THE SHARING ECONOMY: ACCESS VS. OWNERSHIP

The predecessors of the sharing economy include Amazon, Craigslist, eBay, Napster, PayPal, StubHub, VRBO and ZipCar (among others). Born in the 1990s, these new Internet companies immediately disrupted incumbent brick-and-mortar models (e.g. Tower Records, Hollywood Video, Borders). The brick-and-mortar models were traditional retail frameworks that were often rigid and characterized by low margins. In contrast, companies such as eBay and Netflix were scalable, higher margin and typically driven by subscription or commission-based revenue streams.

Exhibit 1

WHO ARE THE PREDECESSORS OF THE SHARING ECONOMY?

Despite eCommerce's success, there were still many pain points and shortcomings associated with the pre-Facebook Internet that the sharing economy would address.



Source: Piper Jaffray

Despite the rapid growth of eCommerce, there were still many pain points and shortcomings associated with these pre-Facebook Internet models. For example, the old Internet models lacked social, local and mobile features. In contrast, today's sharing economy companies have strategically built their peer-to-peer networks with social networks and local technology in mind. Social features include persuasive recommendations from friends, but we are most interested in how adding a social layer to peer-to-peer markets improves our perception around trust and safety.

FACTORS THAT LED TO THE EMERGENCE OF THE SHARING ECONOMY

A confluence of factors in recent years has helped to shape what we believe is a fertile environment for the sharing economy to grow, scale and prosper. Some of the companies described within this report started in San Francisco (Airbnb) or New York (Etsy), but have since grown across markets in the United States and worldwide. Success in major U.S. markets pushed several sharing models like Airbnb over a tipping point that has initiated a virtuous cycle and an aggressive market-by-market expansion strategy. We believe the momentum achieved by industry leaders like Airbnb is likely sustainable for the next decade and view the sharing economy theme as being in the very early innings.

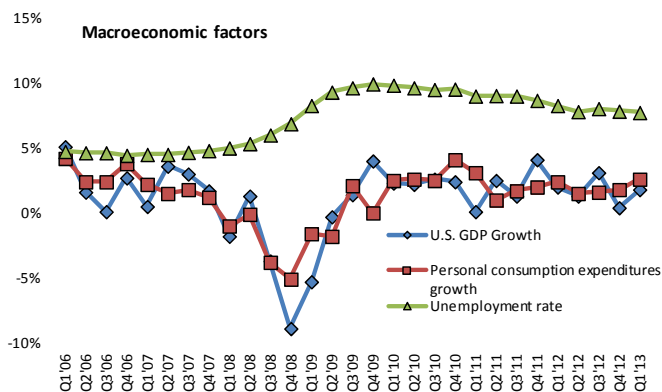
In this section, we identify six primary factors that are responsible for the sharing economy's recent growth:

- 1) **The Great Recession**
- 2) **Smartphone adoption**
- 3) **Facebook**
- 4) **Digital payments**
- 5) **Airbnb's success**
- 6) **Community**

SHARING ECONOMY GROWTH DRIVER #1: THE GREAT RECESSION

The financial crisis and economic recession forced households to think about how to better utilize their existing physical assets and how to rein in personal consumption. Many consumers, for example, opted to delay new car purchases and “make do” with their aging vehicle. Some consumers began to carpool with a friend or take public transportation to save money on gas. Similarly, instead of going out to eat on a regular basis, consumers opted to cook at home more often.

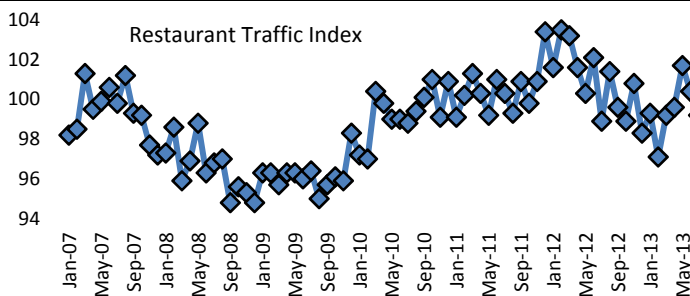
Exhibit 2



Source: PiperJaffray

As outlined in the Exhibit above, unemployment in the U.S. reached a record 10% during October 2009. Both personal consumption expenditures and U.S. GDP growth were in rapid decline during this period. The financial crisis took an extraordinary toll on the average middle class household, which led to household budget tightening. For example, data from the National Restaurant Association (see Exhibit below) suggests that consumers significantly pulled back on dining out during 2008 and 2009.

Exhibit 3

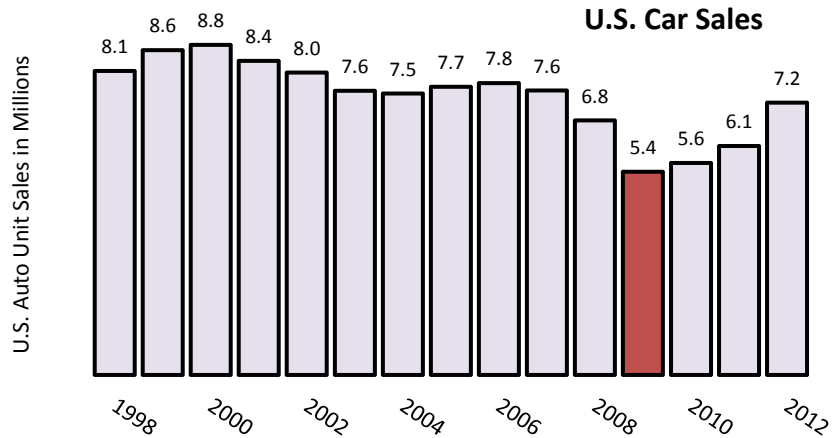


Source: National Restaurant Association, Piper Jaffray

Doing more with less

During the worst of the recession, U.S. car sales fell to their lowest level since 1951. Instead of buying new cars, households opted to maintain older cars and in many cases rely on public transportation options.

Exhibit 4

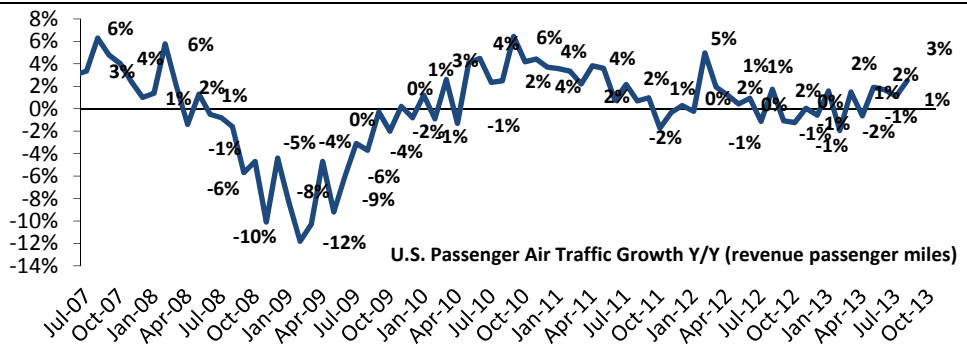


Source: Wards Auto Data, Piper Jaffray

During the month of February 2009, U.S. airline traffic fell 12% y/y, the steepest decline that we've observed since the aftermath of 9/11

New cars weren't the only big ticket items that consumers delayed. Vacation behavior changed during the recession as well. Many leisure travelers opted to take "stay-cations" or regional road trips instead of bigger vacations that involved flying across the country or abroad. According to an index of passenger data from seven top U.S. airlines, passenger traffic fell 12% during the month of February 2009, the steepest year-over-year decline that we have observed since the aftermath of 9/11.

Exhibit 5



Source: Delta, American, United Continental, Southwest, US Airways, JetBlue and Alaska Airlines Company filings, Piper Jaffray Research

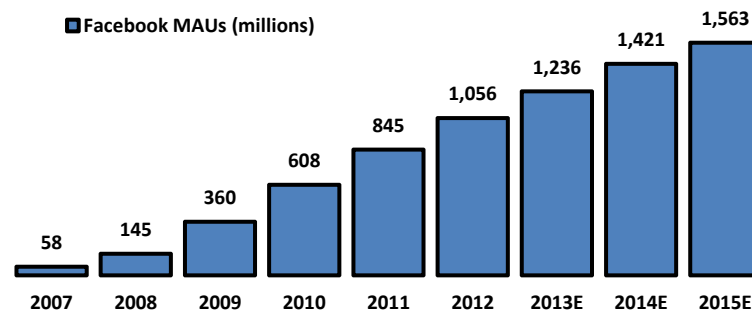
Although the sharing economy was still in an embryonic stage in 2009, the psychology of the consumer was clearly undergoing a profound transformation. A new paradigm had emerged wherein consumers were owning less stuff and spending less, but still finding creative ways to travel, commute to work, host dinner parties and have memorable experiences.

SHARING ECONOMY GROWTH DRIVER #2: FACEBOOK

Facebook surpassed 1.18 billion monthly active users during Q3'13. There are now 199 million monthly active users in the US and Canada which represents over two-thirds of the adult population in North America. Facebook has also reached a critical mass in Europe (276 million monthly active users) and is growing rapidly in Latin America and Asia Pacific. Facebook adoption has provided sharing economy companies with an important tool to verify identities and to promote a culture of trust.

Exhibit 6

FACEBOOK MONTHLY ACTIVE USER GROWTH



Source: Facebook company filings, Piper Jaffray

Facebook integration is an important piece of the overall user psychology behind Airbnb

Airbnb is an example of a sharing economy model that has leveraged Facebook to verify property owner and guest identities. Facebook integration is an important piece of the overall user psychology behind Airbnb and other sharing economy concepts. Airbnb users feel more comfortable welcoming guests into their homes and vice-versa because they are able to vet each other's Facebook profiles in advance.

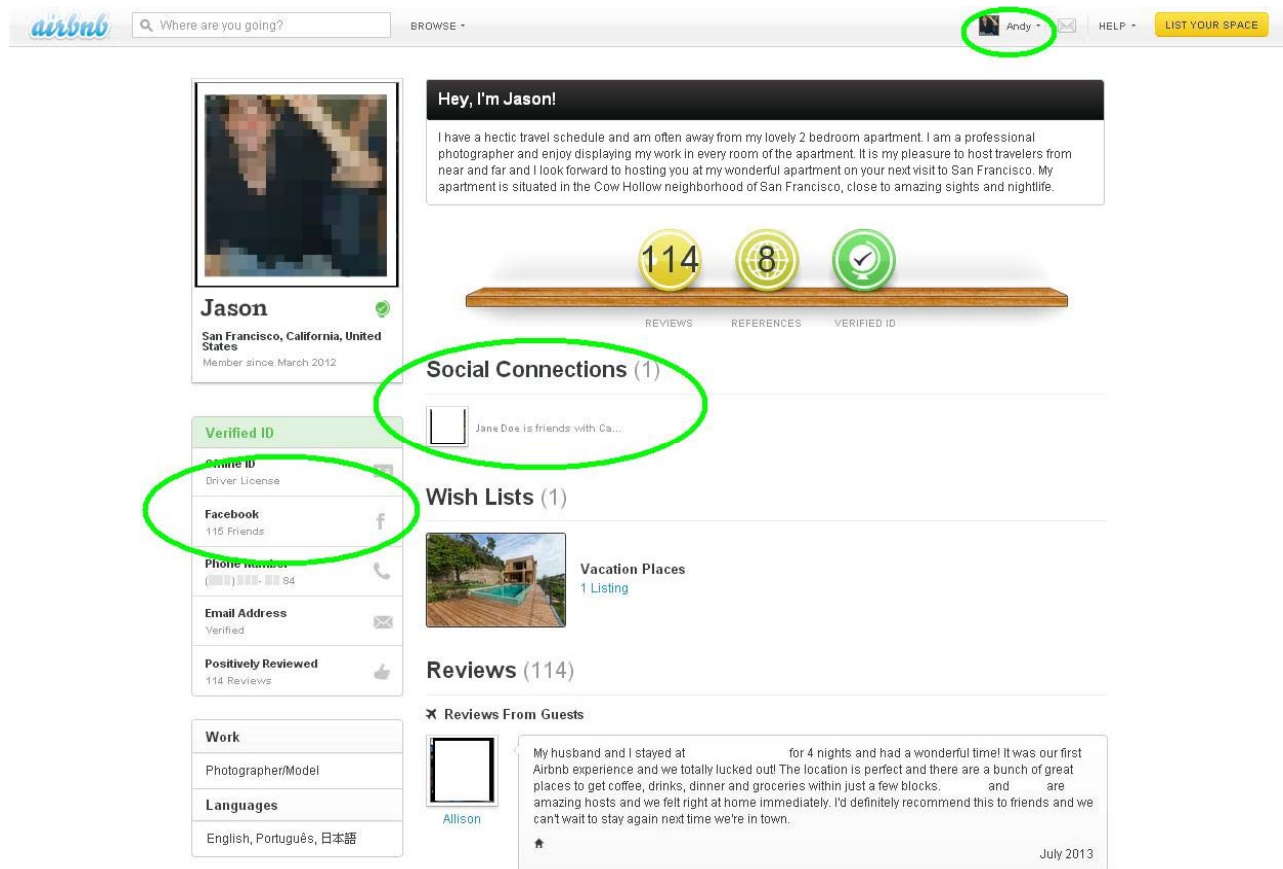
Travelers browsing properties on Airbnb may see a Facebook footnote below the property listings where the owner has a mutual Facebook friend in common (see Exhibit 7 on next page). A similar footnote is provided to Airbnb property owners who receive inquiries from travelers they share a Facebook connection with. Common social connections fundamentally influence the psychology of eCommerce participants and lead to improved levels of trust.

Airbnb is not the only travel company to realize the benefits of Facebook integration. In addition to building a viral "Cities I've Visited" Facebook app, TripAdvisor has been early to integrate Facebook features into its core hotel search product. Specifically, TripAdvisor users searching hotels can see hotels where their friends have stayed. This is a powerful enhancement because, in most cases, travelers will be more comfortable booking a hotel where their friends have already stayed. As a result, conversion is significantly higher on travel searches with Facebook integration.

Facebook plays an important role on Airbnb's platform even when mutual Facebook friend connections do not exist. Property owners and travelers can see how many Facebook friends their prospective host/guest has. They can also click on the individual's Facebook profile for a larger view of that person's profile picture. While some may jokingly consider this a form of "Facebook stalking," sharing economy companies encourage benevolent so-called "Facebook stalking" because learning about your prospective host or guest (e.g. seeing that they are "normal" like you) builds a sense of trust among all sharing economy participants.

Exhibit 7

AIRBNB USER-INTERFACE SCREEN SHOT
(Instances of FB Integration Circled)



Source: Piper Jaffray & Airbnb

User reviews and ratings also function as an important driver of sharing economy conversion. According to a recent HomeAway slide presentation, 81% of travelers prefer at least three or more reviews when evaluating a vacation rental property for their next vacation. The influence of user-generated reviews on conversion is not lost on hosts. There is a powerful incentive for hosts to provide great service and clean accommodations that are consistent with their advertised listing. One bad review can have an adverse impact on inquiry volumes and, therefore, hosts are encouraged to reach out to unsatisfied guests to remedy the situation and hopefully convince the unsatisfied reviewer to remove the negative rating. It is rare to see a negative review on Airbnb that is not addressed or remedied quickly by the host.

Positive reviews are positively correlated to inquiry volume, conversion and earnings power

User reviews are not only relevant to vacation rental properties. Individuals who freelance on TaskRabbit depend heavily on user reviews and star ratings to receive new inquiries and task requests. This is a powerful point that we think describes unique advantages of the broader sharing marketplace. During a task, TaskRabbits are incentivized to act extra courteous and behave responsibly or else they could receive a less than favorable review, which could threaten their TaskRabbit reputation and future earnings potential. In short, the degree of positive reviews and the amount of reviews are positively correlated to inquiry volume, conversion and earnings power.

Exhibit 8

TASKRABBIT USER PROFILE SCREEN SHOT WITH RATINGS

TaskRabbit

Share on Facebook Remove from favorites

Meet Alex J.
Available to do tasks in: SF Bay Area
Does Tasks: Bike, Car, Foot or Bus, Truck, Virtual

★★★★★
5.0/5.0 (146 reviews)

- TaskRabbit
- Background Checked
- 100 Tasks!
- Has a Truck/SUV

Top Tasks

- Usability Testing (39 Tasks done)
- Delivery (16 Tasks done)
- Computer Help (9 Tasks done)
- Moving & Packing (9 Tasks done)
- Office Help (8 Tasks done)

Other Profiles:

Hire Alex to do a Task

Source: www.taskrabbit.com, Piper Jaffray

SHARING ECONOMY GROWTH DRIVER #3: SMARTPHONE ADOPTION

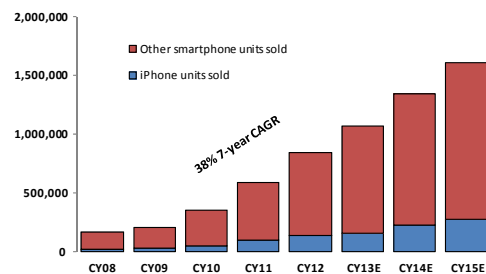
The emergence of “mobile-first” sharing economy companies may be creating disruption for web-based Internet incumbents.

Investors are familiar with the eCommerce disruption of brick-and-mortar retail models during the 1990s (e.g. Blockbuster, RadioShack, Borders). As we look forward to the next chapters of Internet disruption, we see the emergence of “mobile-first” sharing economy companies creating similar forms of disruption for web-based Internet incumbents. We define “mobile-first” as a business model that operates primarily on the iOS or Android platform (e.g. Uber). For example, new mobile-first models, like Hotel Tonight, don’t have a functional website (they rely 100% on their app), yet are competing for room nights with traditional web-based online travel agencies to accommodate travelers making last-minute arrangements.

Mobile-first, sharing economy disruption is most visible within the taxicab/ridesharing industry where users of apps such as Uber, Lyft, Sidecar and Hailo are able to hail available cars with their smartphones. The new mobile-based ridesharing model has not only benefitted riders, many taxicab drivers and private car drivers who utilize apps like Uber experience a massive increase in daily fare totals and take-home pay that flows directly to their bottom-line.

Exhibit 9

THE RAPID ADOPTION OF SMARTPHONE TECHNOLOGY IS ENABLING MOBILE-FIRST DISRUPTION OF WEB-CENTRIC MODELS



Source: Piper Jaffray

The continued growth in smartphone adoption creates a fertile ecosystem for the creation and growth of new business models. As mobile adoption reaches a critical mass in international and emerging markets, established mobile-first models are able to expand and replicate their success in new markets. According to a recent eMarketer report, six countries achieved over 50% smartphone adoption (among mobile phone users) during 2012, including the U.S., the U.K., South Korea, Norway, Sweden and Australia. Canada, Finland, Denmark and Holland are expected to reach 50% smartphone adoption by 2013, while Italy, Germany, France and Spain should reach the milestone by 2014. We believe smartphone penetration in excess of 50% is one litmus test that can decide how conducive a market is for sharing economy models.

More consumers with smartphones suggests that incumbent business models, such as taxi cabs and brick-and-mortar retail stores, will need to adapt and innovate to keep up with the emergence of new mobile-first models that more nimbly leverage features like location-based services, digital payments, voice control, barcode scanning, Facebook graph integration, photo recognition and more.

SHARING ECONOMY GROWTH DRIVER #4: DIGITAL PEER-TO-PEER PAYMENTS

We define digital peer-to-peer payments as the digital transfer of funds between two people following the completion of a service or the exchange of goods.

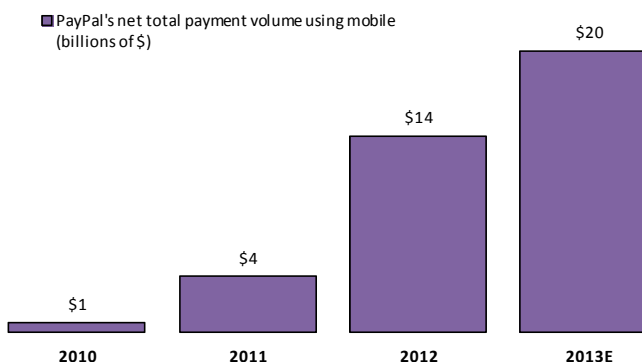
There are many synonyms for digital peer-to-peer payments, including mobile payments, m-Commerce and e-payments. We define digital peer-to-peer payments as the digital transfer of funds between two people following the completion of a service or the exchange of goods.

Digital peer-to-peer payments represent a critical component to the sharing economy. As a substitute for cash and credit cards, which present the risk of robbery and fraud, digital peer-to-peer payments are a quick and safe way to transfer funds between sharing economy participants. Digital peer-to-peer payments are fundamental to all of the major sharing economy companies including Airbnb, Lyft, TaskRabbit and Uber. Those who are new to ridesharing may find it unnatural to exit the vehicle without physically paying the driver; however, we believe riders quickly get used to the new system.

Digital peer-to-peer payments are growing rapidly. PayPal's mobile payment solution is one of many platforms that facilitate digital peer-to-peer payments. PayPal's mobile payment solutions may be a good indicator for how quickly all digital peer-to-peer payments are growing. We note that PayPal's net total payment volume (TPV) for transactions using mobile devices grew 250% y/y to \$14 billion in 2012 vs. just \$4 billion in 2011.

Exhibit 10

PAYPAL MOBILE PAYMENT TRANSACTION VOLUME



Source: eBay company filings, Piper Jaffray

SHARING ECONOMY GROWTH DRIVER #5: AIRBNB'S EARLY SUCCESS

We believe the success of Airbnb was an important influence over future sharing economy companies, including Lyft and TaskRabbit. During 2010 and 2011, articles from popular media outlets, including TechCrunch and Business Insider, reported Airbnb's dramatic growth since 2009. In short, the attention around Airbnb helped to legitimize the sharing economy and gave other entrepreneurs the confidence and financial incentive to build similar models in adjacent categories.

Exhibit 11

The image is a screenshot of a TechCrunch article. At the top, there is a navigation bar with categories: HOME, STARTUPS, MOBILE, GADGETS, EUROPE. Below this is a blue banner with the text "Social + Mobile + Big Data". Underneath the banner is a row of links: HOT TOPICS, YAHOO, APPLE, FACEBOOK, TWITTER, GOOGLE, MICROSOFT. The main headline of the article is "Airbnb Tucked In Nearly 800% Growth In 2010; Caps Off The Year With A Slick Video". The author's name is "MG SIEGLER" with a verified profile icon. The date is "Thursday, January 6th, 2011" and there are "0 Comment". The article text begins with "This past December, I used Airbnb for the first time. After two years worth of buzz reading about the startup on TechCrunch and other places. I was interested, but skeptical. Turns out, it is just as awesome as it sounds. You can get a room, in". To the right of the text is a small image showing the interior of a boat or a similar structure with a canopy.

Source: TechCrunch, Piper Jaffray

SHARING ECONOMY GROWTH DRIVER #6: COMMUNITY-DRIVEN CULTURE

Community-driven cultures are central to the popularity, growth and perseverance of sharing economy companies. Airbnb, CouchSurfing, HomeAway, Lyft and TaskRabbit all host regular community events, launch parties and milestone celebrations, member seminars and online forums. These companies also build compelling brands centered on a grassroots community spirit. Importantly, this community focus has helped sharing economy companies like Airbnb and Lyft to overcome near-term regulatory set-backs. Through petitions, neighborhood rallies and word-of-mouth, the sharing economy community has influenced the regulatory policies of state and local governments and tipped the balance in favor of government acceptance and support.

Exhibit 12

RECENT LYFT COMMUNITY EVENT IN CHICAGO

They're furry, friendly, and in high demand. The amazing Lyft community has grown so quickly over the past few months, we temporarily ran out of pink mustaches. In San Francisco alone, the number of Lyft community drivers has doubled in the last two months. This is all part of our plan to keep up with growing demand, and will continue making it easier for you to find a Lyft ride when you need one!

After solving the mustache bottleneck and building out our [operations team](#), we're ready to spread the #LyftLove across the globe. To kick things off, we're excited to announce that Lyft will launch in Chicago this weekend. Starting at 7am this Friday May 10th, we'll have our Friends & Family launch, which will include our signature Mustache Parade celebration through the streets of Wicker Park. The following day, Saturday May 11th, Lyft will open for all Chicago users, and will be available seven days a week until 3am on weekends and 1am on weeknights.



Source: Lyft, Piper Jaffray

**TRUST AND REPUTATION:
BUILDING BLOCKS FOR A STRONG SHARING ECONOMY**

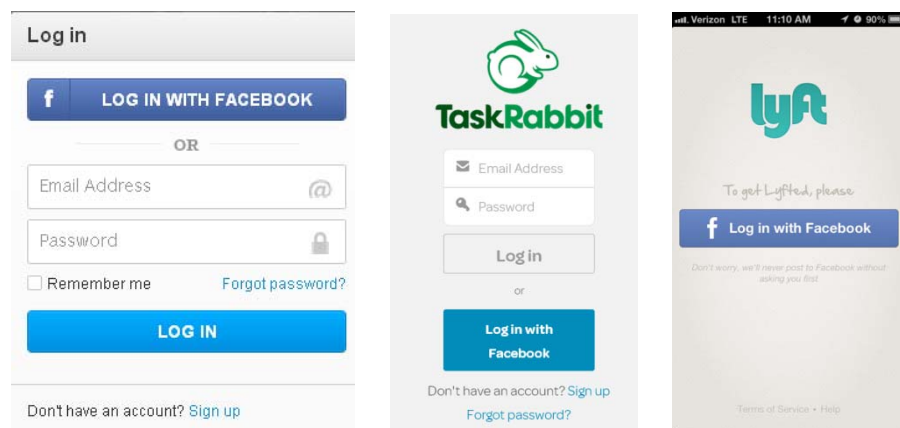
Facebook APIs including Facebook Connect was instrumental in fostering trust on the Internet

In 2006, Facebook introduced the first version of the Facebook API (application programming interface), a meaningful step forward in terms of integrating social networks with the broader web. Facebook API was instrumental in laying a foundation for trust to grow on the Internet, because it began to remove the anonymity associated with online user identities. Under this new paradigm, peer-to-peer market participants were no longer generic usernames, they were unique individuals with cover photos and a list of friends. Facebook API was just an initial product roll-out that would see several enhancements during the years to come.

One of the enhancements was Facebook Connect, a sign-in application rolled out in 2008 that allowed users to log in to third party websites (e.g. Netflix, NBC.com, TripAdvisor, and Huffington Post) using Facebook instead of requiring users to remember a separate password. Facebook Connect is popular for its convenience, but it also revolutionized the way people share consumer information online. Simply put, Facebook Connect made the web and mobile experience feel more personal.

Exhibit 13

FACEBOOK CONNECT EXAMPLES ACROSS SHARING ECONOMY



Source: Company websites

Contrary to common misperceptions, participants in the sharing economy are no more risk-tolerant than the average consumer.

Social network integration has fundamentally influenced how internet users build and maintain their online identities. This is an important dynamic for sharing economy companies, because an online identity helps peer-to-peer participants evaluate each others' trustworthiness and overall character. Under this new paradigm, users can be selective about who they interact with online based on various criteria that includes positive features (e.g. do the two parties have a mutual Facebook friend?). Contrary to common misperceptions, participants in the sharing economy are no more risk-tolerant than the average consumer.

Online identity and history is not limited to social networks. Online peer-to-peer markets, like eBay and the Amazon third-party, leverage user reviews to drive better conversion. For example, it has become increasingly important for all peer-to-peer market participants to build and maintain a positive online history by demonstrating good online and offline etiquette. On eBay, for example, a seller profile includes “feedback scores” which help prospective buyers judge a seller’s reliability based on their transaction history. If a seller receives several negative reviews about the quality of the product they are peddling online, that seller will likely experience difficulty in attracting buyers.

Exhibit 14

EXAMPLE OF EBAY FEEDBACK THAT INFLUENCES SELLERS REPUTATION

Feedback profile

The screenshot shows the feedback profile for user 'danielh1' (112 stars). Key statistics include: Positive Feedback (last 12 months): 100%, Member since: May-19-10 in United States. The profile includes navigation tabs for 'Feedback as a seller', 'Feedback as a buyer', 'All Feedback', and 'Feedback left for others'. A table of feedback received is shown below, with columns for Feedback, From Buyer/price, and Date/time.

Feedback	From Buyer/price	Date/time
<p>Good communication and fast shipping ((: AAAA+++++)</p> <p>* Brand New DS Air Jordan 4 IV 'Doernbecher' L@@K!l* Space Jam Cool Grey Breds (#151040738285)</p>	<p>123epolinar (70 ★)</p> <p>US \$495.00</p>	<p>Jul-07-13 17:24</p> <p>View Item</p>
<p>Had to contact about shipping but item was great condition. Easy transactions.</p> <p>**The North Face Fleece Jacket Mens Large! L@@K!l* (#15104078239)</p>	<p>shopguy14 (39 ★)</p> <p>US \$45.00</p>	<p>May-25-13 18:14</p>
<p>The seller messaged me making sure my product was delivered to my home. Great!</p> <p>Brand New Toront Blue Jays Fitted Hat! Size 7 5/8! L@@K!l (#151019340073)</p>	<p>rayalderete2012 (45 ★)</p> <p>US \$22.00</p>	<p>Apr-15-13 12:15</p>

Source: eBay.com, Piper Jaffray

Sharing economy consumers actually have more and better information to help them make a purchase decision vs. traditional consumers

To conclude, recent integration of social networks coupled with the importance of user reviews have fundamentally improved the ability to manage risk online. Thanks to social integration and reviews, online reputations have reached a tipping point where there is sufficient credibility to reasonably trust others online based on transaction history. In many cases, sharing economy consumers are positioned advantageously with *more and better* information about the product and seller to help them make a purchase decision vs. traditional consumers. The information that sharing economy consumers use to make decisions is often generated by dozens (and sometimes hundreds) of objective, honest reviewers, which enables sharing economy consumers to more confidently trust the seller or host ahead of the sale or reservation. Traditional retail models, in contrast, depend more heavily on brand advertising that is biased and may be misleading.

THE SHARING ECONOMY'S IMPACT ON CITY ECONOMIES

The sharing economy has had a de minimis impact on the broader economy to date given the early stage of the category and relatively low consumer adoption rates. However, we expect continued growth in the category to have a net positive impact on GDP over the medium to long-run. While the sharing economy is likely to act as a tailwind to the economy, we expect some elements of disruption or cannibalization of incumbent online and offline businesses. For example, a room night through Airbnb often (not always) substitutes a room night at a local hotel. The recent success of the sharing economy also requires a response from incumbent Internet companies, including Amazon, eBay, Expedia, HomeAway, Priceline and TripAdvisor, who must decide how to react appropriately to new sharing economy entrants and the potential market share risk that this new collaborative consumption theme could pose.

City and State Governments Quick on the Uptake

Governments must consider how sharing economy companies like Airbnb help to grow the economy and overall tax revenues.

City and state governments are quickly realizing that sharing economy players like Airbnb and HomeAway help to grow the economy and overall tax base of the city and state. This is a key point that should drive favorable legislation. City and state legislators are weighing the incremental revenue streams from Airbnb and Lyft against the potentially negative impact on local hotels, travel agencies and taxicab drivers. Legislators are also working with Airbnb and Lyft to understand how safe these services are for consumers. For example, are there safeguards in place and what type of insurance plans are being integrated? While no adverse impact has been noted within the domestic hotel industry thus far, over the long-run and on the margin, we expect hotel room night rates and occupancy rates to be negatively impacted by the incremental supply of rooms originating from popular rental sites like Airbnb (over 500,000 listings) and HomeAway (over 775,000 listings).

Measuring Financial Impact

In measuring the economic costs and benefits for local economies, we believe it is important to take a holistic view of sharing economy outcomes. Short-term rental sites like Airbnb may bring incremental travelers into a city or neighborhood who then visit local restaurants and shops. It, therefore, appears sharing economy companies add modest incremental growth to local economies based on the incremental foot traffic experienced at adjacent businesses in the community. Tourism is a critical component of many city economies. New York City, an important tourist destination, has become a critical battleground territory for the regulatory debate on short-term rentals. In New York City, jobs related to tourism account for 10% of private sector employment, according to the New York City Economic Development Corporation. Lawmakers are increasingly aware that short-term rentals encourage more tourism, which is clearly favorable for restaurants, retailers, theater companies, sports venues and local museums.

For example, we believe Airbnb, on the margin, helps to modestly grow the New York City economy overall by making the city more accessible to inbound travelers who may not otherwise visit. Airbnb, after all, was conceived in 2007 during a busy conference season in San Francisco when hotels were too full to accommodate additional visitors.

Short-term accommodation and vacation rental sites like Airbnb and HomeAway also help local residents monetize their under-utilized properties, putting incremental discretionary income into city residents' wallets.

Airbnb guests stay in cities as tourists longer than the typical hotel guest and, as a result, Airbnb users spend more money in the cities that they visit.

In an effort to persuade city lawmakers of the economic benefits of sharing economy models, Airbnb has conducted at least four economic impact studies with positive conclusions. For example, an Airbnb study showed that it generated over \$632 million in economic activity to New York City during the past year, €130 million to the city of Berlin, €240 million to the city of Paris and \$56 million to San Francisco. The study also found that Airbnb guests are often quite different from hotel guests. Airbnb guests stay significantly longer in a particular city compared to the average hotel guest. Given the longer length of stay, Airbnb travelers spend significantly more in a particular city vs. the typical hotel guest. What's more, those Airbnb-related tourist dollars are often spent outside of the regular hotel areas suggesting, again, that these sharing economy dollars are more incremental and less cannibalistic. The results of Airbnb's economic studies are listed below.

Exhibit 15

AIRBNB'S ECONOMIC IMPACT IN KEY CITIES

all figures in millions except avg length of stay	Berlin	New York City	Paris	San Francisco
Total Economic Activity Generated by Airbnb	€ 130	\$632	€ 240	\$56
Avg. length of stay (nights) by Airbnb guest	6.3	na	5.2	5.5
Amount spent during trip by Airbnb guest	€ 845	na	€ 872	\$1,045
		Hotel comparison		
Avg. hotel length of stay (nights)	2.3	na	2.3	3.5
Average spent by hotel guest	€ 471	na	€ 442	\$840

Source: Airbnb, Piper Jaffray

<http://publicpolicy.airbnb.com/wp-content/uploads/2013/09/Berlin-Airbnb-economic-impact-study.pdf>

http://assets.airbnb.com/press/press-releases/Economic_Impact_Study.pdf

<http://assets.airbnb.com/press/press-releases/Paris%20Econ%20Impact%20Release.pdf>

Exhibit 16

AIRBNB LISTINGS IN NEW YORK CITY



Source: Airbnb

Safety is among the most important issues surrounding state and local government decision-making around letting the sharing economy operate unencumbered through fair, balanced, and thoughtful regulation that does not stifle growth and innovation.

On September 19, 2013, the California Public Utilities Commission (CPUC) adopted legislation that was favorable for ridesharing companies and served as an important precedent for other states and countries. The new requirements (e.g. criminal background checks) were already self-imposed by the majority of popular ridesharing companies and, therefore, not viewed as burdensome restrictions; rather the new regulations were seen as further substantiating and legitimizing the ridesharing industry.

The official ridesharing regulations adopted by the CPUC can be found at the URL in the footnote at the bottom of this page and include the following:

1. Ridesharing companies (not the individual drivers) must be licensed by the California Public Utilities Commission (CPUC)
2. Criminal background checks must for each driver
3. A driver training program
4. A zero-tolerance policy on drugs and alcohol
5. An insurance policy that is more stringent than current requirements on limousines

The adoption of these regulations served as an important victory for ridesharing models.

Exhibit 17

LYFT SAFETY SLIDE



TRUST AND SAFETY

				
\$1M Insurance per Occurrence	Criminal and Driving Background Checks	Accountability through Ratings	Social Verification through Facebook	In-app User Identification

Source: Lyft Blog <http://blog.lyft.me/post/56918833224/transportation-trust-safety-comparison>, Piper Jaffray

Footnote: URL of proposed legislation for ridesharing companies:
<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M073/K768/73768000.PDF>

TRUST AND SAFETY LESSONS LEARNED FROM CRAIGSLIST

Craigslist is an example of an early Internet company that had significant, albeit indirect, influence on the sharing economy. While some of Craigslist's website features (e.g. user-generated posts) were revolutionary at the time and helped to influence other modern Internet companies, it was the features that Craigslist was sorely missing or had mis-executed that ultimately became the most influential examples for future Internet companies to learn from.

Craigslist's numerous shortcomings became important lessons for the broader peer-to-peer industry and forced modern companies to build new security and payment platforms to avoid similar missteps. For example, Craigslist lacks identity verification tools and there are persistent issues with trust that have enabled fraud and other crimes that have scared "good" users away, attracted "bad" users and opened a door for competition (none of which are good for business). We list several areas that Craigslist got right, and some areas that Craigslist never got right.

Exhibit 18

What Craigslist got right (+):	What Craigslist never got right (-):
1. Addressed the "local" economy	1. Trust, risk of fraud or crime
2. Matched sellers & buyers	2. Online payments integration
3. Established a liquid market, early	3. Lacked reviews, user quality scores, ratings user history
4. Created value ("One man's trash is another man's gold")	4. Convenience
5. Built a critical mass with network effects	5. User-interface
6. Transitioned to mobile	6. Product quality verification
7. Search and discovery algorithm was not great, but decent	7. Never monetized (but that was by design)
8. Addressed niche (long-tail) products	8. No recourse/retribution for bad behavior
9. No display ads or other clutter	9. Never modernized
10. Site was simple, easy to use	10. Stayed out of the transaction (enabled scammers)
11. Was easy to participate and post (no fee, etc.)	
12. Stayed out of the transaction (good for users' wallets)	

Source: Piper Jaffray

Newer eCommerce models like StubHub! and eBay solved many of Craigslist's shortcomings with the roll-out of payment platforms and insurance, but eBay and StubHub! were still missing key ingredients that have since been added by new sharing economy leaders like Airbnb and TaskRabbit. Unfortunately, eBay never became truly local, personalized, transparent or community-driven like the new sharing economy companies are demonstrating today. eBay and StubHub, for example, deal almost exclusively in physical goods or event tickets where seller and buyer identities are typically unknown or anonymous and where "community" has no role.

Human interaction is largely missing from today's eCommerce, but the stakes of each transaction (e.g. buying diapers through Amazon) are usually low relative to the inherent risks involved in many sharing economy models like hosting a stranger in your spare guest room. For this reason, trust and identity verification are paramount to the success of the sharing economy model.

eBay and Amazon pioneered seller and buyer ratings which helped to foster trust, but eCommerce models were built before the rise of social networks and smartphones and so the eCommerce pioneers did not leverage social network intelligence in order to vet users and promote a culture of trust in the way that Airbnb has cleverly done.

SHARING ECONOMY SWOT ANALYSIS

Exhibit 19

Sharing Economy Strengths	Sharing Economy Weaknesses
<ol style="list-style-type: none"> 1. Trust. Social integration means that you know who you are dealing with. 2. Property owners can monetize their underutilized assets. 3. Travelers/riders can travel/ride at cheaper rates vs. what taxis or hotels charge. 4. Sharing economy connects users to their community; it's fun to meet neighbors. 5. Sharing economy businesses perceived as environmentally friendly. 6. Incumbent traditional travel providers have limited ability to respond competitively. 7. No cash is needed (very limited threat of robbery or fraud). 8. Participants are incentivized to act responsibly (e.g. bad reviews hurt future events) 9. Addresses the local economy in ways larger Internet companies could not. 	<ol style="list-style-type: none"> 1. Conversion hampered by tedious back-and-forth communication. 2. No 24-hour reception at Airbnb properties (e.g. lost keys = problem) 3. Travelers don't always know what they're going to get (e.g. bad pillows, pet fur) 4. Sharing economy may never resonate outside of densely populated cities. 5. Sometimes travelers/riders just want to ride in quiet (not always feeling social). 6. Inquiry volumes can be light; property owners may churn away without activity.
Sharing Economy Opportunities	Sharing Economy Threats
<ol style="list-style-type: none"> 1. Large segments of population not yet on-board (e.g. Baby Boomers, teens) 2. Teens are mobile/social-centric; likely to embrace S.E. when they become older. 3. More "Book Instant" functionality to improve conversion, overall experience. 4. Corporate travelers not yet onboard, but could represent large opportunity. 5. Potential brand partnerships/sponsors (e.g. Coca-Cola giving out free Uber rides). 	<ol style="list-style-type: none"> 1. Trust and safety record is unblemished. Any major accidents or crimes could ruin that. 2. Over-regulation by local and state governments. 3. Incumbents have powerful lobbying bodies and deep pockets to protect market shr. 4. As economy improves, counter-cyclical benefits fade; hyper-consumption returns.

Source: Piper Jaffray

SHARING ECONOMY CATEGORY #1: SHORT-TERM RENTALS & VACATION RENTALS

Background

Popular short-term rental and vacation rental sites emphasize safety and trust and are benefitting from a network effect that involves a diverse supply of inventory attracting millions of consumers. While initially perceived as limited to budget travelers and “millennials”, short-term rental sites have become increasingly popular for travelers of all income levels and ages. In addition to being attractive for budget conscious travelers, short-term rental sites, like Airbnb, have a plethora of mid and high-end inventory that gives luxury travelers an opportunity to experience a city from a uniquely local perspective. For this reason, we have seen an increasing number of luxury and corporate travelers begin to use sites like Airbnb in recent months in substitution for local hotels.

Exhibit 20

SHORT-TERM RENTAL KEY PLAYERS



Source: 9flats.com, Airbnb, HomeAway, TripAdvisor, Couchsurfing.org, Mindmyhouse.com, Tripping.com, Wimdu.com

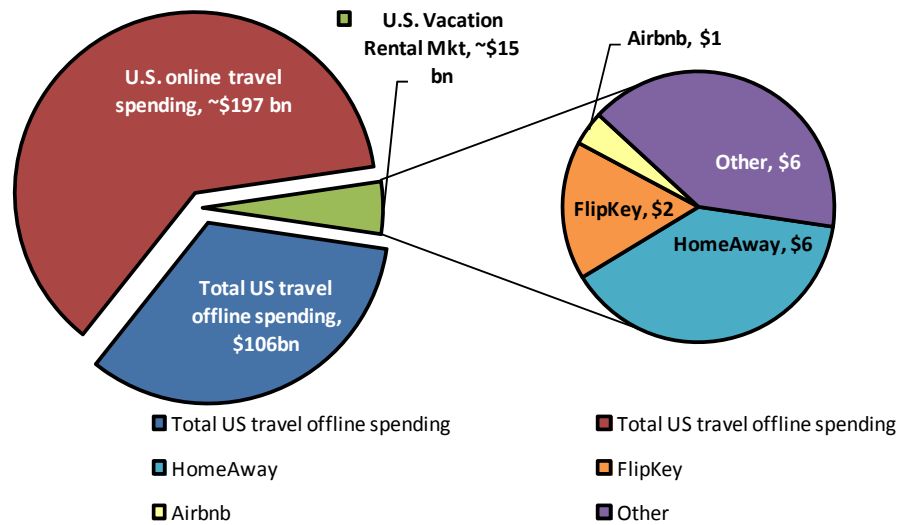
Sizing the Alternative Lodging Market

U.S. travel spending reached \$303 billion during 2012, according to PhoCusWright; however these estimates exclude the bookings generated by sharing economy companies like Airbnb, FlipKey and HomeAway. We estimate that 65% of U.S. travel spend or \$200 billion was spent via online channels during 2012, including online travel agencies (e.g. Expedia) and direct supplier sites (e.g. Marriott.com).

Exhibit 21

U.S. TRAVEL SPENDING INCLUDING SHORT-TERM AND VACATION RENTALS

Figures represent gross bookings in billions of \$



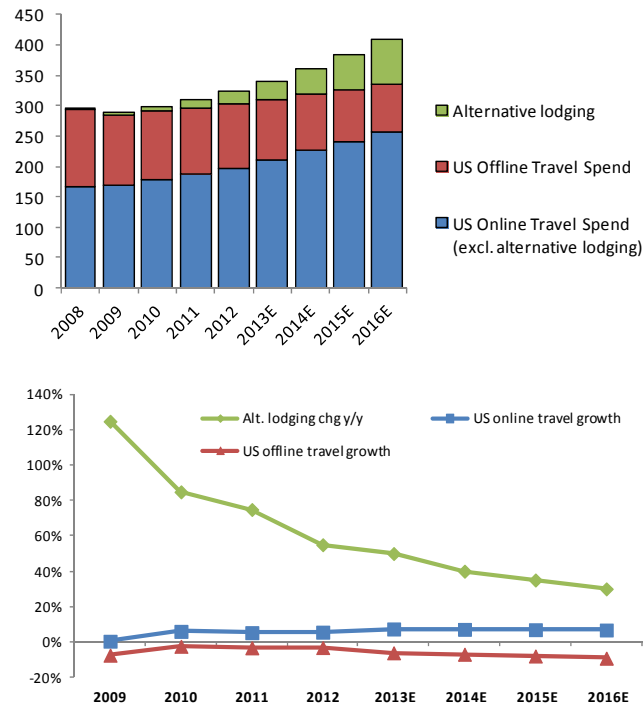
Source: Piper Jaffray, PhoCus Wright Travel Data, Expedia Company Filings, TripAdvisor Company filings, Airbnb.com, HomeAway Company filings

We expect third-party data firms, including PhoCusWright and IDC, to increasingly include short-term and vacation rental spend into their travel industry estimates and reports. We estimate that short-term and online vacation rental companies, including Airbnb, FlipKey and HomeAway, generated near \$15 billion in annual gross bookings within the U.S. during 2012. Our \$15 billion estimate is significantly below the \$85 billion figure provided by a commonly cited 2010 Radius report. In contrast to the Radius figure, our estimate is based on a bottoms-up analysis and is a U.S.-only number. Our figure is meant to include only popular web-based short-term and vacation rental models, like Airbnb, HomeAway, FlipKey and Wimdu. Including these vacation rental sites, we estimate U.S. travel spending was near \$318 billion during 2012 with 67% spent online.

Exhibit 22

U.S. TRAVEL SPENDING INCLUDING ALTERNATIVE LODGING

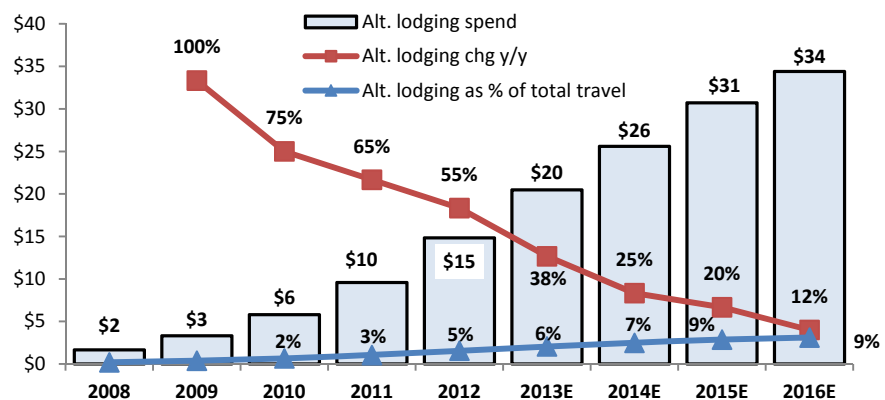
Figures represent gross bookings in billions of \$



Source: Piper Jaffray, PhoCusWright, Expedia company filings

Exhibit 23

ALTERNATIVE LODGING SPEND

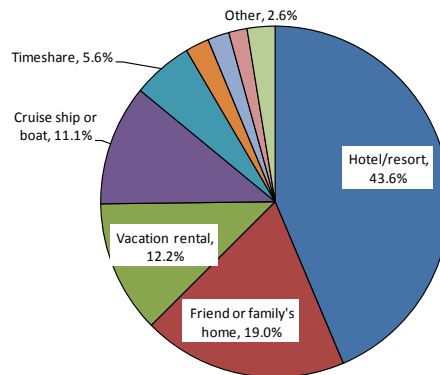


Source: Piper Jaffray estimates

WHAT IS THE MOST COMMON LODGING CHOICE FOR TRAVELERS?

Hotels and resorts continue to be the most common lodging choice for travelers. According to a study conducted by HomeAway, travelers choose hotels and resorts 44% of the time when going on a trip for 4 days or more. Friends' and family members' homes are chosen 19% of the time. Vacation rentals are meanwhile chosen only 12% of the time. We see the pie chart below as an opportunity for the sharing economy and believe these percentages will shift meaningfully in favor of vacation rentals over the medium term. We expect vacation rentals to increasingly take leisure travel share as the network effects associated with growing inventory and increased consumer adoption drive growth within the category.

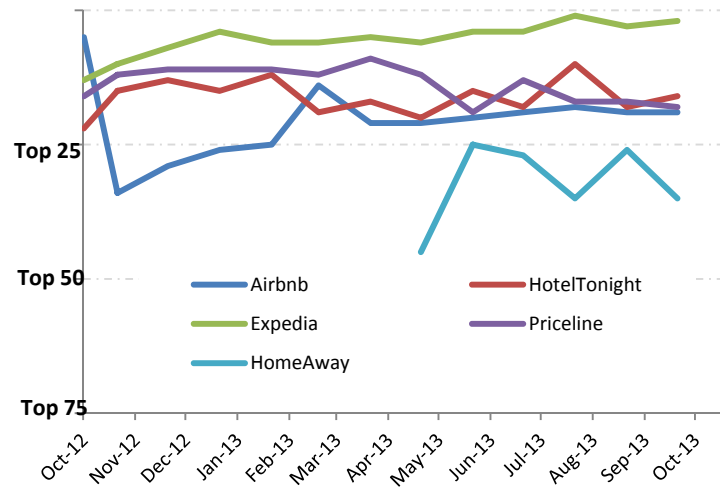
Exhibit 24



Source: HomeAway, Piper Jaffray

Exhibit 25

HOTEL & SHORT-TERM RENTAL IOS APP RANKINGS (TRAVEL CATEGORY)



Source: iTunes, Piper Jaffray

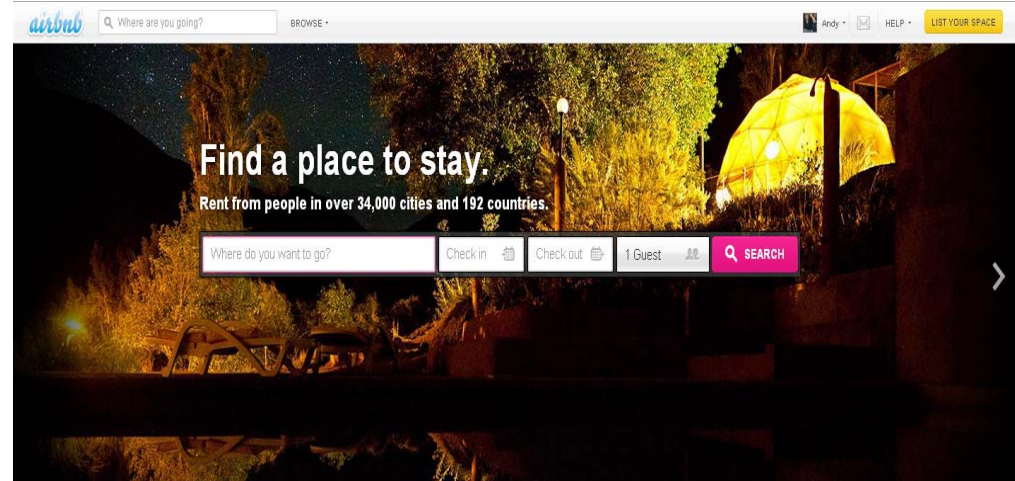
CASE STUDY: AIRBNB

Airbnb started in 2007 with just one air mattress. The company has since grown rapidly to more than 500,000 listings and is now a formidable competitor to major online travel agencies and hotel chains. We estimate that Airbnb is on pace to eclipse 1 million listings before the end of 2014 and our model assumes that the company will generate over 15 million room nights this year alone.

Airbnb's business model is simple. It's structured around a take-rate or commission on the apartment rental fee, plus a small transaction fee. The company makes it easy for hosts to post their property for free onto the Airbnb site and begin to receive inquiries almost immediately.

Exhibit 26

AIRBNB HOMEPAGE SCREENSHOT



Source: Airbnb.com, Piper Jaffray

Airbnb is a marketplace that connects hosts with prospective travelers. Hosts have an opportunity to vet traveler profiles selectively before accepting reservation requests. User-generated reviews regarding the host and their property help travelers decide who they want to stay with, while colorful neighborhood guides can help travelers decide which quadrant of the city fits their preference and comfort.

While hosting a lodging space on Airbnb is free, Airbnb has been quite successful monetizing its alternative lodging marketplace. Airbnb makes money in two primary ways:

- First, Airbnb collects a 3% transaction fee from the host for each completed reservation (source: <https://www.airbnb.com/help/question/63>)
- Second, Airbnb guests are charged between 6% and 12% of the booking fee. The higher the total reservation amount, the lower the rate (source: <https://www.airbnb.com/help/question/104>)

Investors familiar with online travel agency models may find that using a 10% average take-rate or “revenue margin” is an easy way to think about Airbnb’s economics. For example, if a nightly rate is \$150 and a guest stays for 5 nights, Airbnb would take \$75 from this single stay and recognize that as net revenue.

Exhibit 27

AIRBNB’S GLOBAL FOOTPRINT



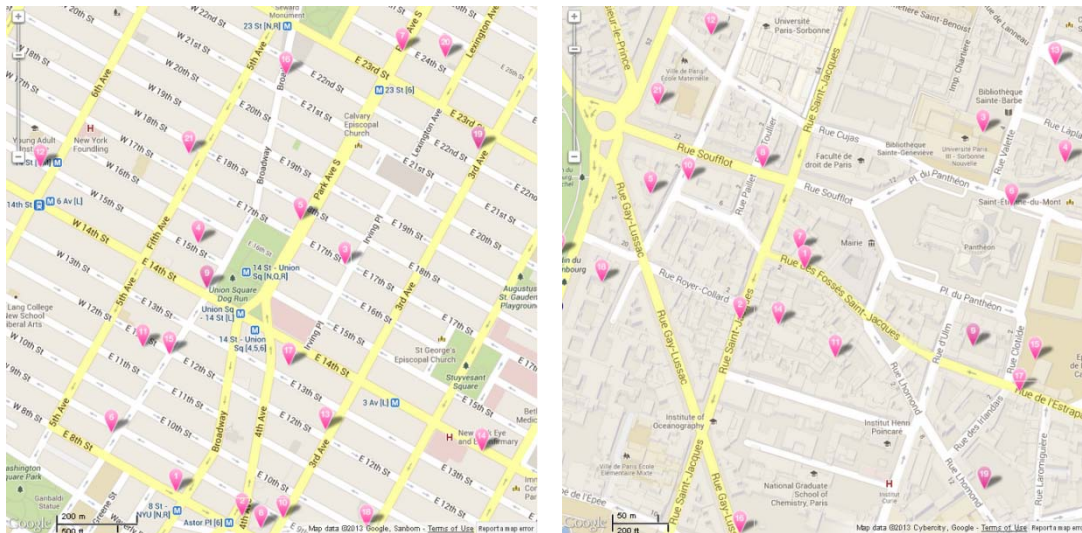
Source: Airbnb, Piper Jaffray

Airbnb is increasingly global with a significant presence in Europe, Latin America and Asia Pac. In fact, Airbnb recently announced that Europe is its largest market. Airbnb’s asset-light model enables the company to scale its footprint rapidly without meaningful capital expense or labor costs. We note a remarkably large number of Airbnb options in key international cities including the following:

- More than 3,500 places to stay in Buenos Aires
- More than 4,300 places to stay in Rio de Janeiro
- More than 6,300 places to stay in Rome
- More than 18,300 places to stay in Paris
- More than 8,800 places to stay in Berlin

Exhibit 28

AIRBNB LISTINGS NEAR UNION SQUARE IN NEW YORK CITY AND PARIS' 5TH ARRONDISSEMENT



Source: Airbnb, Google Maps, Piper Jaffray Research

Exhibit 29

AIRBNB NEIGHBOR GUIDES



Source: Airbnb.com, Piper Jaffray Research

Exhibit 30

AIRBNB LISTING IN BUENOS AIRES

The screenshot shows an Airbnb listing for a 'Palermo Beautiful Apartment!!!' in Buenos Aires, Argentina. The listing is for an entire home/apartment. The price is \$62 per night. The listing includes a photo of a dining area with a table and chairs, and a 'BOOK IT!' button. The listing is saved 197 times.

Source: Airbnb.com, Piper Jaffray Research

Important Airbnb Product Initiatives

One of Airbnb's competitive differentiators is the company's innovative culture and focus on new product roll-outs, including new mobile features, instant booking tools and a thoughtful disaster response product. While competitors have often criticized Airbnb for being a site that is popular solely for its aesthetics, we believe Airbnb is a global technology leader with world class development talent and leadership. Airbnb is a global platform that has a reputation for running smoothly, and we consider Airbnb to be an important innovator and influencer within the modern Internet sector, including a mobile product that is best-in-class. We summarize a few Airbnb product initiatives below.

"Instant Book" is a new Airbnb feature that allows guests to reserve an apartment, home or room without having to wait for a host's confirmation. The reservation will be automatically accepted once the reservation details and payment information are submitted. However, "instant book" is only available for some properties.

"Verified ID" is offered to guests and hosts in order to help verify identities and make the experience safer for travelers or hosts. Identities are verified by connecting to the user's social network (Facebook and/or LinkedIn) and by scanning official ID cards or confirming personal details like social security numbers, family history and residence information (e.g. "which city did you live in between 1986 and 1989?"). In addition, when hosts receive reviews from guests, they automatically gain another level of verification.

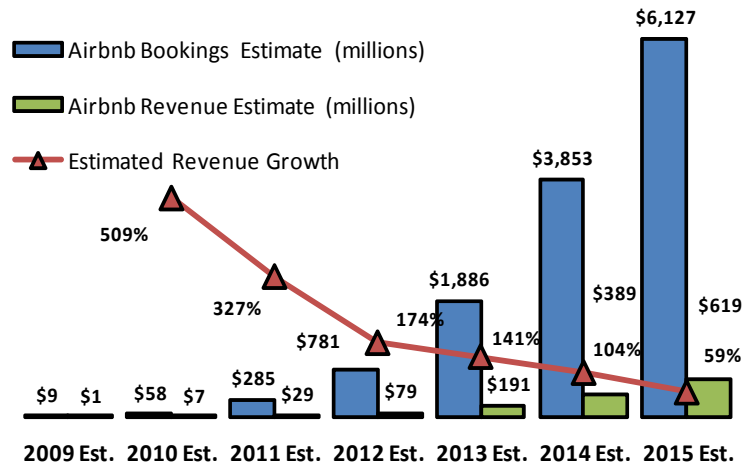
"Neighborhood Guides" or simply "Neighborhoods" is essentially a neighborhood guide product designed by Airbnb, but largely contributed by hosts and travelers. These city guides help travelers decide which section of a city they want to stay in and they are also good promotional tools for hosts. The neighborhood guide is available for free and best viewed on an iPad or desktop. These city guides typically include a series of rich, colorful photography with brief descriptions of what to expect in terms of daytime activities, nightlife, shopping and restaurants.

“Instant photo upload” for iOS or Android devices allows hosts to submit pictures of their apartment or home directly from their phone. This is an important product roll-out given inquiry volumes and conversion tend to rise with more photos of the property.

“Disaster response” is a new Airbnb tool that was launched after the events of Hurricane Sandy that displaced thousands in and around the New York City tri-state area. Airbnb’s disaster response is a tool that notifies hosts when there is an opportunity to help displaced travelers during a local weather disaster or terrorist attack affecting their city or town. Guests can browse lodging options that are free of charge or heavily discounted during a time of crisis. Immediately following the Boston Marathon bombing in April 2013, Airbnb assisted hundreds of tourists and marathon runners.

Exhibit 31

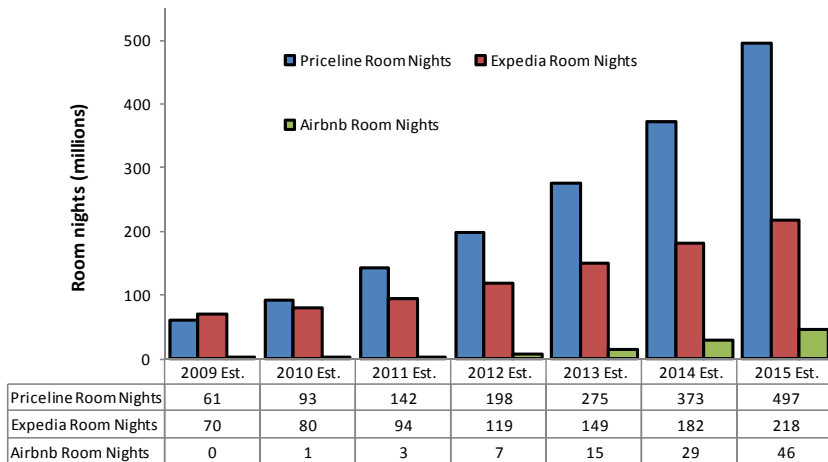
AIRBNB ROOM BOOKINGS AND REVENUE ESTIMATES



Source: Airbnb, Piper Jaffray estimates

Exhibit 32

AIRBNB ROOM NIGHT COMPARISON WITH PRICELINE & EXPEDIA



Source: Airbnb, Expedia company filings, Priceline company filings, Piper Jaffray estimates

Exhibit 33

ESTIMATED AIRBNB REVENUE DRIVERS & UNIT ECONOMICS

Airbnb Bookings Model	2009 Est.	2010 Est.	2011 Est.	2012 Est.	1Q13 Est.	2Q13 Est.	3Q13 Est.	4Q13 Est.	2013 Est.	2014 Est.	2015 Est.
Airbnb.com Avg. Monthly Unique Visits (U.S. only, ths.)											
Total Listings (Estimated)	4,125	24,375	97,500	227,500	351,747	418,937	498,961	582,913	463,139	843,537	1,311,882
Y/Y Growth in Listings (Estimated)		491%	300%	133%	120%	104%	100%	98%	104%	82%	56%
Airbnb Room Nights (Estimated)	128,400	781,500	3,207,000	7,388,850	1,582,864	3,016,345	5,388,774	5,421,092	15,409,074	28,864,297	45,902,128
Y/Y Growth in Room Nights (Estimated)		509%	310%	130%	136%	118%	105%	100%	109%	87%	59%
Room nights per listing per quarter (Estimated)	7.1	7.1	7.6	7.7	4.5	7.2	10.8	9.3	8.0	8.3	8.6
Cumulative Room Nights on Airbnb (Estimated)	128,400	909,900	4,116,900	11,505,750	13,088,614	16,104,959	21,493,733	26,914,824	26,914,824	55,779,122	101,681,249
Est. ADR excl. Guest Commission (Estimated)	\$65	\$65	\$80	\$95	\$110	\$110	\$110	\$110	\$110	\$120	\$120
Y/Y Growth in Nightly Rate		0%	23%	19%	16%	16%	16%	16%	16%	9%	0%
Airbnb Avg. Guest Take-Rate per Night (Estimated)	10%	10%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total Nightly Rate incl. Guest Commission (Estimated)	\$72	\$72	\$86	\$103	\$119	\$119	\$119	\$119	\$119	\$130	\$130
Avg. Airbnb Guest Take per Night	\$6.50	\$6.50	\$6.40	\$7.60	\$8.80	\$8.80	\$8.80	\$8.80	\$8.80	\$9.60	\$9.60
Average Length of Stay (Estimated)	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Number of total transactions based on LOS (Estimated)	25,176	153,235	628,824	1,448,794	310,365	591,440	1,056,622	1,062,959	3,021,387	5,659,666	9,000,417
Avg. Guest Bill per Stay (Estimated)	\$365	\$365	\$441	\$523	\$606	\$606	\$606	\$606	\$606	\$661	\$661
Host fee rate per transaction (Estimated)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Avg. bill commission	\$10.94	\$10.94	\$13.22	\$15.70	\$18.18	\$18.18	\$18.18	\$18.18	\$18.18	\$19.83	\$19.83
Airbnb Bookings (millions) (Estimated)	\$9	\$58	\$285	\$781	\$194	\$369	\$659	\$663	\$1,886	\$3,853	\$6,127
Y/Y bookings growth (Estimated)		509%	396%	174%	173%	152%	138%	132%	141%	104%	59%
Airbnb Guest Revenue (Estimated)	\$0.8	\$5.1	\$20.5	\$56.2	\$13.9	\$26.5	\$47.4	\$47.7	\$135.6	\$277.1	\$440.7
% of total revenue (Estimated)	75%	75%	71%	71%	71%	71%	71%	71%	71%	71%	71%
Airbnb Host Transaction Revenue (Estimated)	\$0.3	\$1.7	\$8.3	\$22.7	\$5.6	\$10.8	\$19.2	\$19.3	\$54.9	\$112.2	\$178.5
% of total revenue (Estimated)	25%	25%	29%	29%	29%	29%	29%	29%	29%	29%	29%
Total Airbnb net revenue (mils) (Estimated)	\$1.1	\$6.8	\$28.8	\$78.9	\$19.6	\$37.3	\$66.6	\$67.0	\$190.5	\$389.3	\$619.1
Y/Y bookings growth (Estimated)		509%	327%	174%	173%	152%	138%	132%	141%	104%	59%
Revenue margin (Estimated)	11.7%	11.7%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%

Source: Piper Jaffray, Airbnb.com

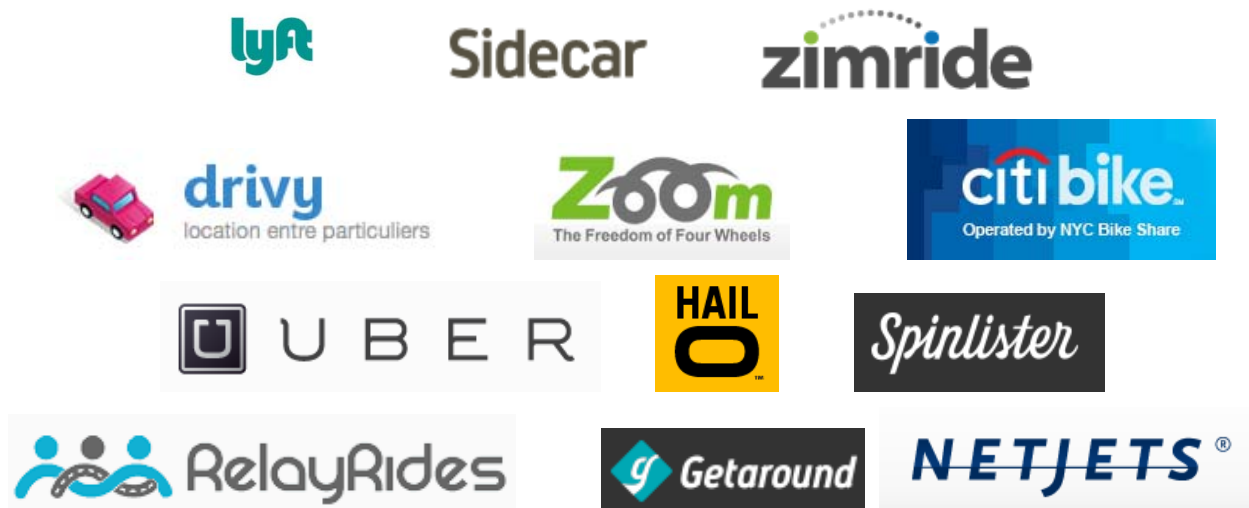
SHARING ECONOMY CATEGORY #2: RIDESHARING

Background

Ridesharing involves several sharing economy themes, including mobile location based technology, asset-light models, network effects, social interaction, regulatory grey areas and community driven cultures. The rideshare model competes with incumbent transportation methods, including taxis, public transportation and driving. This “mobile-first” business leverages smartphone location based technology to match riders with drivers. Adoption is approaching a tipping point in San Francisco while becoming increasingly popular in New York, London, Boston, Chicago, Seattle and Los Angeles. A successful ride-share model typically involves a fleet of on-call drivers and a well-built mobile app.

Exhibit 34

RIDESHARING INDUSTRY KEY PLAYERS

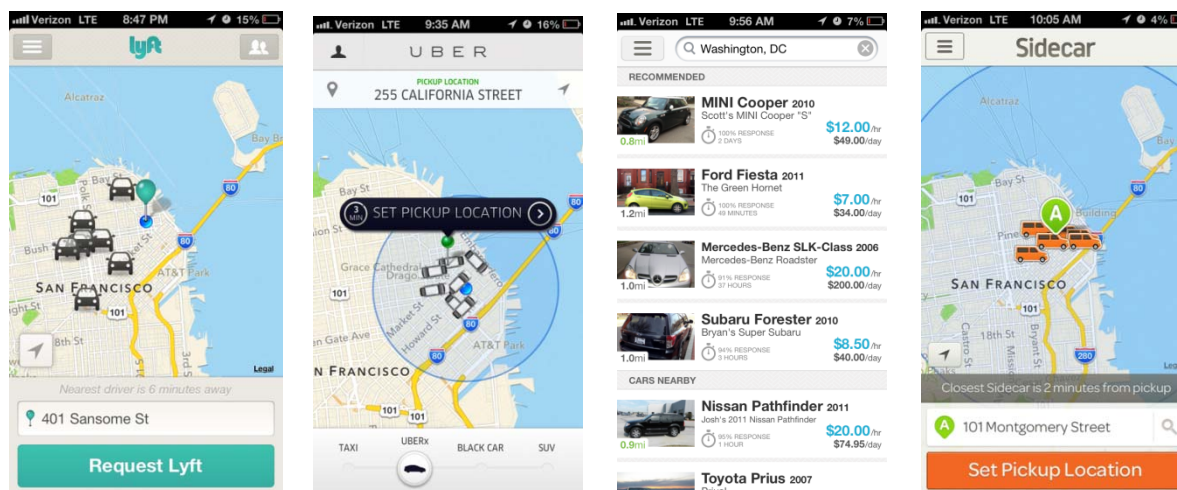


Source: lyft.com, uber.com, sidecar.cr, relayrides.com

Ride sharing is made easy with best-in class smartphone apps that do a great job quickly matching nearby cars with passengers.

Exhibit 35

RIDESHARING MOBILE APP USER INTERFACES



Source: Lyft.com, uber.com, sidecar.cr, relayrides.com

Exhibit 36

RIDESHARING BENEFITS FROM PASSENGER AND DRIVERS PERSPECTIVE

Benefits of Ride Sharing from Passengers' Perspective

1. Smartphone apps make hailing a car fast and easy.
2. No physical cash need change hands. The app automatically transfers funds.
3. Tips are included. No need to worry about tipping the driver.
4. Drivers are thoroughly vetted by the rideshare company and are considered safe.
5. Passengers rate drivers after the ride. Several benefits of this.
6. Rideshare platforms provide extensive insurance coverage. Passengers feel safe.
7. Drivers are vetted for gregarious personalities. Rides are more comfortable/enjoyable.
8. Ride costs are reasonable/comparable to alternatives. There is less concern over meter manipulation.

Benefits of Ride Sharing from Drivers' Perspective

1. Rideshare apps increase frequency of pick-ups, reduces time when car is empty.
2. Drivers can earn an average of \$35,000 per year driving.
3. No physical cash changes hands. The app automatically transfers funds.
4. Reviews and Facebook intergration help drivers verify passenger identity & quality assurance.
5. Drivers rate passengers. Drivers can avoid picking up low rated passengers.
6. Some rideshare companies (e.g. Lyft) let passengers sit up front. Driver feels more comfortable.
7. Many drivers are part-time and focused on other careers. Driving hours are flexible.
8. Providing rides can be a good way to meet people socially and also a tool for professional networking.

Source: Piper Jaffray

Sizing the Rideshare Market

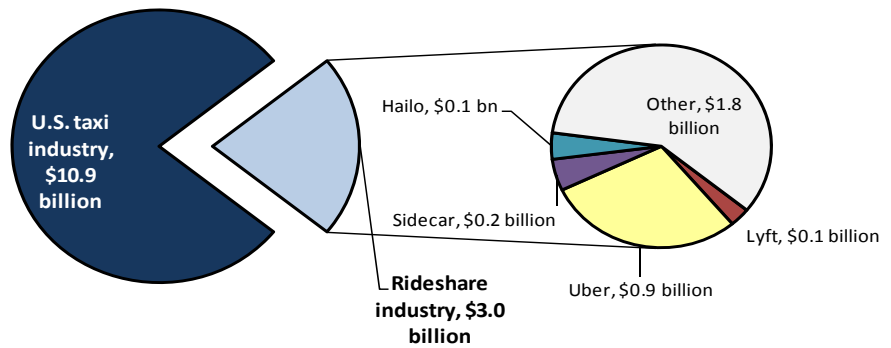
Ridesharing’s total addressable market is best approached on a market-by-market basis. A city’s population and level of smartphone penetration can help to indicate the potential size of a ridesharing market.

In the San Francisco Bay Area, where the broader metropolitan population stands at 7 million and smartphone penetration is high, we believe the ridesharing market size is worth \$150-\$250 million in annual bookings. Nationwide, we estimate ridesharing is a \$3 billion market in annual bookings and expanding rapidly.

Exhibit 37

TAXI AND RIDESHARING INDUSTRY 2013

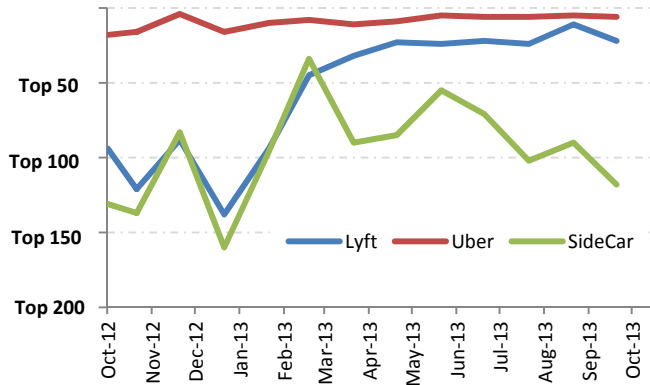
U.S. Taxi and Ridesharing Industry (Gross Bookings in Billions)
(trailing twelve months ending Dec. 2013)



Source: Taxi, Limousine and Paratransit Association, IBISWorld, Piper Jaffray Research

Exhibit 38

RIDESHARING IOS APP RANKINGS (TRAVEL CATEGORY)



Source: iTunes, Piper Jaffray

CASE STUDY: LYFT

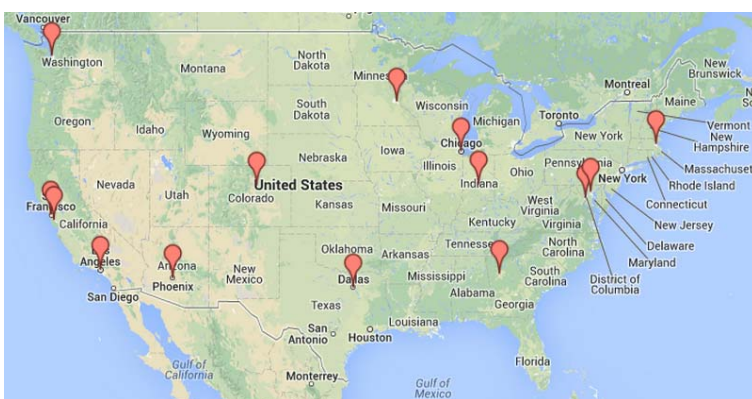
Lyft Overview

Lyft is a popular peer-to-peer ridesharing company headquartered in San Francisco with operations in 14 markets (16 cities) as of October 2013. Importantly, Lyft is expanding rapidly on the East Coast where the company recently entered its third East Coast market with Baltimore.

Exhibit 39

LYFT MARKETS

Lyft Market	Launch Date
1 San Francisco	5/23/12
2 Los Angeles	2/1/13
3 Seattle	4/11/13
4 Chicago	5/9/13
5 Boston	5/31/13
6 Washington DC	8/8/13
7 St. Paul	8/29/13
8 Indianapolis	8/29/13
9 Atlanta	8/29/13
10 Phoenix	9/6/13
11 Denver	9/26/13
12 Dallas	9/27/13
13 Silicon Valley	10/7/13
14 Baltimore	10/17/2013

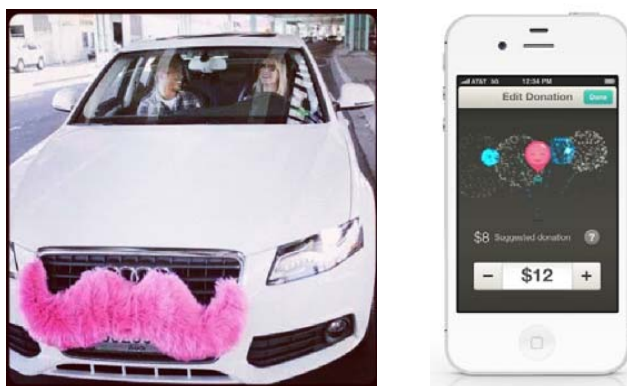


Source: Piper Jaffray, lyft.me, Google Maps

Lyft’s fares are treated as voluntary donations and riders may tip extra (unlike some other rideshare services). Lyft cars can be identified by the large pink mustache attached to the front grill of the vehicle or in the front dash board. In contrast to traditional taxi cab riders, Lyft passengers sit in the front passenger seat next to the driver. The pink mustache helps to identify cars and has also contributed to building the Lyft brand.

Exhibit 40

LYFT CAR PHOTO WITH DONATION SCREENSHOT ON IPHONE



Source: Piper Jaffray, lyft.me

Lyft Model

Lyft is still a small business with estimated 2013 revenue near \$12 million. Revenue is derived from the 20% take-rate that Lyft receives from each donation. We arrive at the 2013 \$12 million revenue estimate based on the following assumptions:

1. 14 markets (i.e. cities)
2. 6,300 ending drivers (450 drivers per market on average with 1,750 drivers in SF)
3. 18 hours per week per driver on average
4. 1.5 rides per hour per driver on average (27 rides per week per driver on average)
5. 4.4 million cumulative rides completed by 2013 year-end
6. \$15 average “donation” per ride
7. \$62 million in gross bookings for calendar year 2013 (growing rapidly e.g. >10x)
8. 20% take-rate
9. \$12 million in net revenue for calendar year 2013 (growing rapidly e.g. >10x)

Although Lyft is a small company today, we expect significant growth driven by expansion into new markets as well as deeper penetration into existing markets. We expect net revenue of \$12 million during 2013 to grow to \$53 million during 2014 (326% y/y) and \$114 million in 2015 (115% y/y).

In the exhibit below, we demonstrate Lyft’s market-by-market expansion approach and count the number of estimated Lyft drivers in each market. We estimate Lyft ended Q3’13 with approximately 3,400 drivers.

Exhibit 41

LYFT DRIVER COUNTING ESTIMATES

Lyft Driver Count Estimates	2012E	Q1'13E	Q2'13E	Q3'13E	Q4'13E	2013E	Q1'14E	Q2'14E	Q3'14E	Q4'14E	2014E
San Francisco Drivers	300	500	850	1,500	1,750	1,750	1,750	2,000	2,000	2,000	2,000
Los Angeles Drivers		200	500	800	1,200	1,200	1,200	1,400	1,500	1,600	1,600
Seattle Drivers			100	200	600	600	800	1,000	1,200	1,400	1,400
Chicago Drivers			100	200	600	600	800	1,000	1,200	1,400	1,400
Boston Drivers			100	200	600	600	800	1,000	1,200	1,400	1,400
Washington DC Drivers				100	350	350	600	800	1,000	1,200	1,200
St. Paul Drivers				100	200	200	350	600	800	1,000	1,000
Indianapolis Drivers				100	200	200	350	600	800	1,000	1,000
Atlanta Drivers				100	200	200	350	600	800	1,000	1,000
Phoenix Drivers				100	200	200	350	600	800	1,000	1,000
Denver					100	100	200	350	600	800	800
Dallas					100	100	200	350	600	800	800
Silicon Valley					100	100	200	350	600	800	800
Baltimore					100	100	200	350	600	800	800
Market #15 Drivers								100	200	350	350
Market #16 Drivers								100	200	350	350
Market #17 Drivers									100	200	200
Market #18 Drivers									100	200	200
Market #19 Drivers										100	100
Market #20 Drivers										100	100
Market #21 Drivers										100	100
Market #22 Drivers										100	100
Total Lyft drivers	300	700	1,650	3,400	6,300	6,300	8,150	11,200	14,300	17,700	17,700

Source: Piper Jaffray, lyft.me

One method for modeling Lyft’s bookings and revenue run-rate is to estimate the average wages per driver, multiply by the number of total drivers and divide by the 20% take-rate that Lyft receives (this would get you to a bookings estimate). According to Lyft, drivers are making up to \$18/hour (Lyft suggests drivers can make \$35/hour in SF) and assuming the average work week is 18 hours, we arrive at \$324 per week, \$1,377 per month and \$16,500 per year.

Exhibit 42

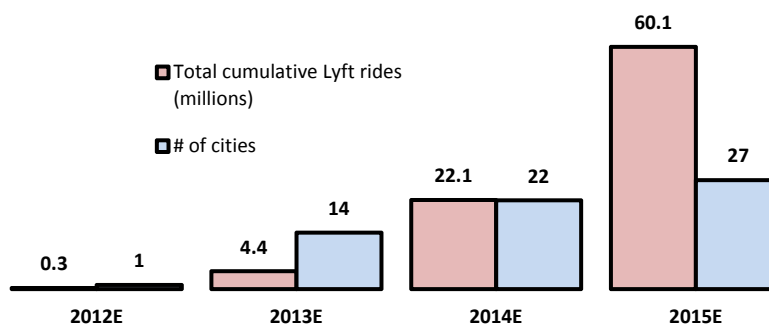
LYFT DRIVER UNIT ECONOMICS

Lyft Driver Metrics	2012E	Q1'13E	Q2'13E	Q3'13E	Q4'13E	2013E	Q1'14E	Q2'14E	Q3'14E	Q4'14E	2014E
Avg weekly hours per driver	18	18	18	18	18	18	18	18	18	18	18
Avg hourly wage per driver	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18
Avg. weekly salary	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324
Avg. rides per hour per driver	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Avg. rides per week per driver	27	27	27	27	27	27	27	27	27	27	27
Avg. donation per ride	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Gross bookings per week	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405
Lyft commission	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81	\$81
Net driver revenue per week	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324	\$324
Avg. monthly wages	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377	\$1,377
Avg. annual wages	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524	\$16,524

Source: Piper Jaffray, lyft.com

Exhibit 43

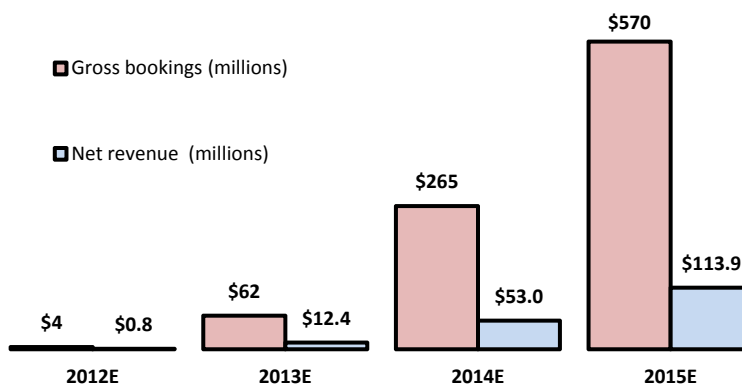
LYFT CUMULATIVE RIDES AND TOTAL MARKETS IN OPERATION



Source: Piper Jaffray, lyft.com

Exhibit 44

LYFT BOOKINGS AND NET REVENUE ESTIMATES



Source: Piper Jaffray, lyft.com

Lyft's Legacy

Lyft's impact within the sharing economy is significant despite its small revenue run-rate.

Lyft can be credited with contributing several important innovations and "best practices" to the sharing economy including:

- an "asset-light" approach
- no cash exchanging hands
- integration with Facebook to help drivers vet their riders
- a mobile-first approach
- a company culture that is community focused and grass roots in nature
- heavy emphasis on customer service and driver support, particularly having 24-hour support whenever there are inevitable problems or emergencies

Lyft has also been on the "front lines" of the regulatory battles with city governments, incumbent taxi cab companies and unions. By leveraging a community-driven approach, Lyft has won favorable rulings in several cities across the country, including Los Angeles.

SHARING ECONOMY CATEGORY #3: ECOMMERCE

Background

The sharing economy reflects an important shift in consumer preferences away from hyper-consumption and mass-produced goods. Today's consumers are not only buying more locally sourced foods, they are also increasingly shopping for locally crafted products, hand-made furniture, clothing and accessories. This shift towards locally produced goods is an important trend in our post-recession consumer culture as it signals a return to the shopping habits that had existed before strip-malls, fast-food chains and big box retailers.

It is important to note that we define 'sharing economy' broadly to include companies outside of the peer-to-peer rental marketplaces. For example, Etsy and Krrb (pronounced "curb") are eCommerce sites that specialize in the buying and selling of custom-made or locally produced goods. While these sites do not facilitate the rental of items, we include them in the sharing economy universe because they embody important sharing economy and peer-to-peer traits that can be observed among ridesharing companies, task sites and online vacation rental markets.

Exhibit 45

SHARING ECONOMY ECOMMERCE KEY PLAYERS



Source: Piper Jaffray

In addition to eCommerce sites such as Etsy and Krrb, hundreds of peer-to-peer rental sites have emerged that allow consumers to borrow or rent a variety of items, from a formal evening gown to an all-terrain vehicle.

Three Varieties of Sharing Economy eCommerce

Sharing economy eCommerce companies come in all shapes and sizes. In the interest of simplicity, we can categorize sharing economy eCommerce companies into three buckets: 1) short-term luxury rentals, 2) local peer-to-peer service platforms and 3) specialty peer-to-peer marketplaces.

Exhibit 46

SHARING ECONOMY ECOMMERCE VERTICALS



Source: Piper Jaffray

GetMyBoat, headquartered in San Francisco, is an example of a short-term luxury rental company. Using GetMyBoat's marketplace, boat owners around the world can safely rent out their under-utilized watercraft for weekly and daily rates. Rent the Runway, based in New York City, is another short-term luxury rental company. The site specializes in renting high-end clothing and fashion accessories. Despite trafficking in starkly different categories, GetMyBoat and Rent the Runway both enable consumers to access expensive physical goods and equipment that are under-utilized by their owners.

TaskRabbit represents an example of a local peer-to-peer service platform. TaskRabbit's mission is to unlock the hidden value of time in every consumer's daily life. In short, TaskRabbit allows a user to hire people in their community for everyday jobs like assembling IKEA furniture or taking boxes of old clothing to Goodwill. TaskRabbit's reliance on reputation and trust make the company an important sharing economy pioneer.

Finally, Etsy and Krrb are examples of specialty peer-to-peer markets. Etsy and Krrb have helped to democratize eCommerce in important ways that we will describe in our Etsy Case Study later in this report.

Sizing the Sharing Economy's eCommerce Market Opportunity

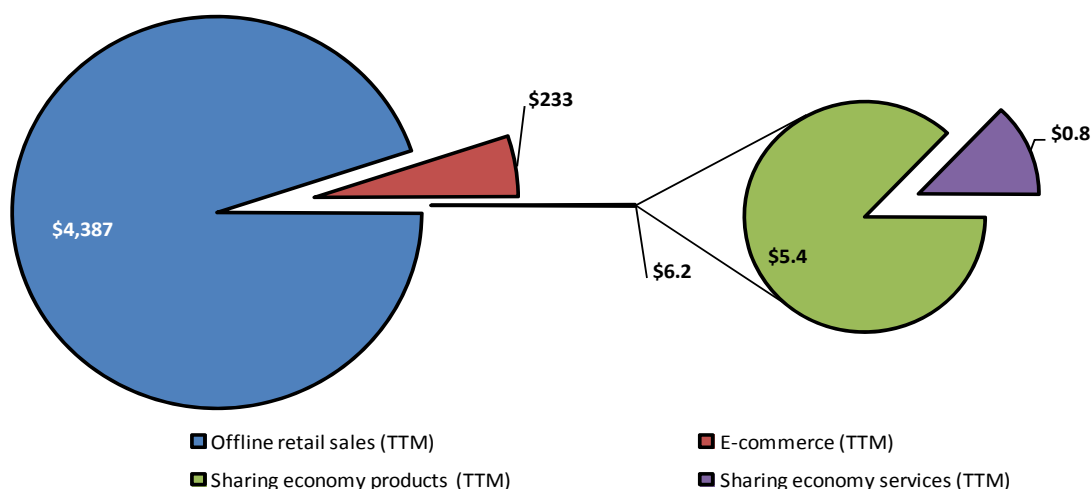
The sharing economy's eCommerce vertical can be viewed as a small subsegment of total U.S. retail sales and overall eCommerce. Total U.S. retail sales were \$4.4 trillion during the trailing-twelve months ending March 31, 2013 with eCommerce sales of \$233 billion.

Exhibit 47

U.S. RETAIL SALES & SHARING ECONOMY

Figures represent gross sales (a.k.a. gross merchandise value) in Billions of \$

U.S. Retail Sales & Sharing Economy (Gross Merchandise Value in Billions of \$)



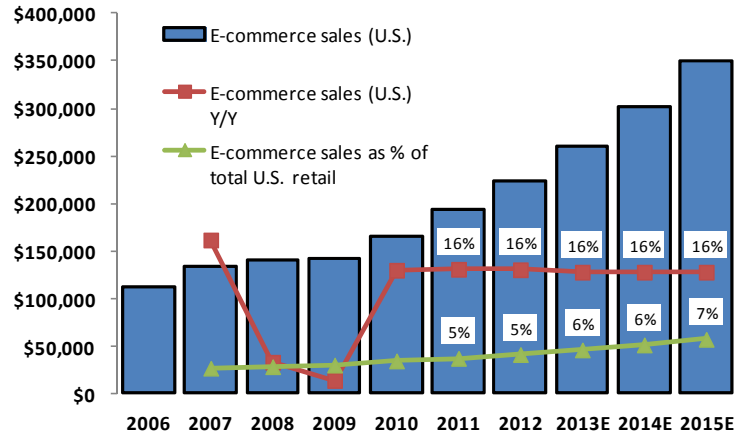
Source: U.S. Census Bureau, Piper Jaffray

eCommerce sales are now growing near 16% y/y within the U.S. and represent just 6% of total retail sales, implying meaningful ceiling room for continued growth. Within eCommerce there are particularly attractive growth opportunities related to sharing economy sub-verticals, including luxury rentals and specialty peer-to-peer markets like Krrb.com and Etsy.com. In addition, local services, like those promoted and sold on Taskrabbit.com, are growing faster than the overall eCommerce industry.

Exhibit 48

U.S. ECOMMERCE GROWTH

Figures represent gross sales (a.k.a. gross merchandise value) in millions of \$



Source: U.S. Census Bureau, Piper Jaffray

We note that in measuring the size of the sharing economy’s eCommerce vertical, a key variable involves which companies are included or excluded within the sharing economy definition. For the purposes of this analysis, we exclude so called “incumbent” eCommerce markets like eBay and Amazon as well as online travel agencies. We do include next generation peer-to-peer markets, including Etsy and Krrb, as well as local online marketplaces for services, such as TaskRabbit and Reach Local. We also think it is important to include short-term luxury rental markets including concepts like “GetMyBoat,” “RenttheRunway.com” and “BagBorrowSteal.com.”

Using this more narrow definition, we estimate that the sharing economy’s eCommerce vertical generated \$5-\$10 billion in U.S. sales during 2012 and is growing near 50% y/y.

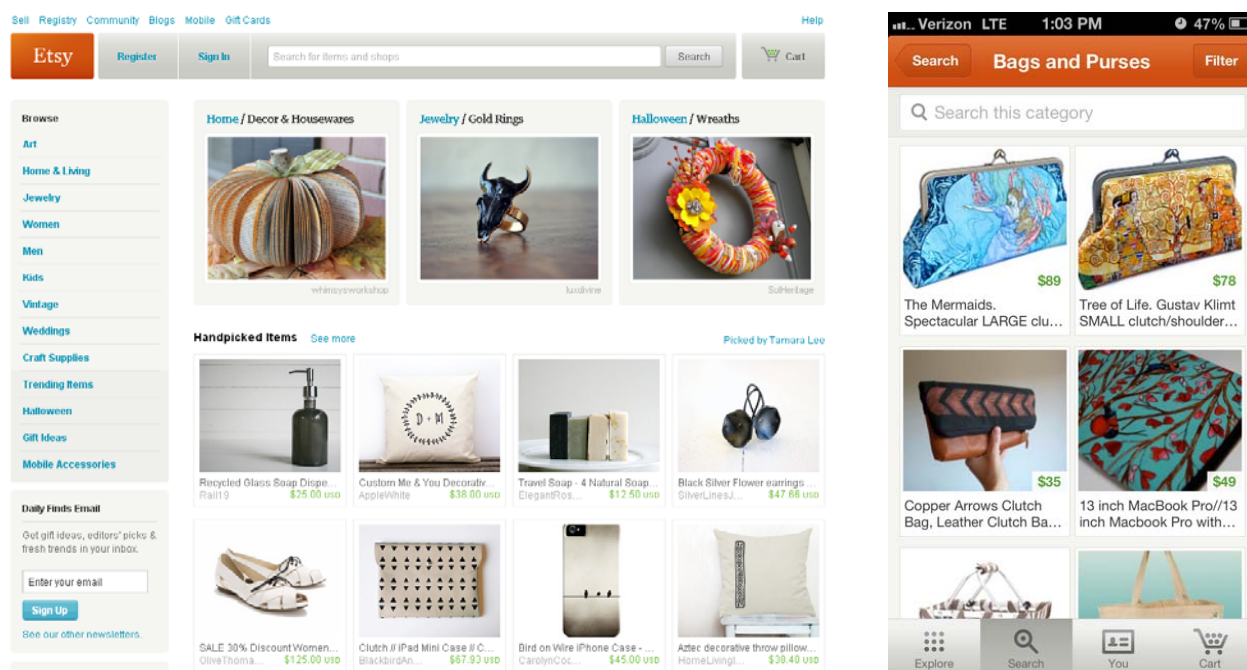
CASE STUDY: ETSY

Overview

Etsy is a peer-to-peer online marketplace for a wide variety of handmade products. In contrast to traditional eCommerce sites like Amazon and Overstock, Etsy's marketplace is supported by third-party micro-producers. An Etsy user who is looking for a new dining table, for example, can search Etsy's site and find reasonably priced furniture built or refurbished by an individual carpenter. For example, a professional furniture designer based in Chicago, named Erin, runs a furniture e-shop on Etsy called "UrbanWoodGoods." Erin's unique furniture is built using reclaimed wood from old deconstructed barns and buildings (see Exhibit on next page).

Exhibit 49

ETSY'S HOMEPAGE AND IOS APP



Source: Etsy, Piper Jaffray

Etsy's inventory is not limited to furniture; the site offers everything from men and women's apparel, paintings, dishware, bicycles to products for special occasions, including weddings, baby showers and even Halloween. In most cases, buyers can communicate directly with the producers before finalizing an order so that the final product can be exactly what the buyer was looking for.

Investors who are familiar with Amazon and eBay, but unfamiliar with Etsy, may find it helpful to browse through Etsy’s variety of custom-made goods. We include Etsy among the sharing economy pioneers because of Etsy’s uniquely personalized take on eCommerce. We believe Etsy empowers micro-producers and creates disruption amid established eCommerce “norms.”

Exhibit 50

THE URBAN WOODGOODS WEBSTORE ON ETSY

Shop Sections

- Shop home 200 Items
- Dining Tables 33
- Kitchen Tables 23
- Reclaimed Wood Desks 13
- Reclaimed Tables 35
- Wood Benches 28
- Console Tables 19
- Bar stools 35
- Reclaimed Coffee Tables 8
- Shelves 4
- Custom Woodworking 1

Shop Owner

UWG
Chicago, United States

Have a question?
[Contact the shop owner.](#)

Need a custom order?
[Request Custom Order](#)

Shop Info
[UrbanWoodGoods](#)

UrbanWoodGoods
Industrial Modern Reclaimed Wood Furniture

Industrial Modern Old-Growth Reclaimed Wood Furniture. Benches, Dining Tables, Desks, Stools, Console Tables, Coffee Tables, shelving, and media stands. Sustainable, Artisan Furniture hand-crafted north of Chicago with historical "old growth" salvaged wood. CALL us at 1-855-WOOD-GOODS (855-966-3466)... [read more](#)

table [Search](#) Sort by: **Custom**

FEATURED ITEMS FROM URBANWOODGOODS

Reclaimed Wood and Steel I... UrbanWood... \$596.00 usd	4 ft Industrial Reclaimed Win... UrbanWood... \$495.00 usd	Reclaimed Wood and Steel I... UrbanWood... \$199.00 usd	28" Reclaimed Wood Conso... UrbanWood... \$225.00 usd
2 Reclaimed Wood and Stee... UrbanWood... \$298.00 usd	Small wood desk with mid c... UrbanWood... \$395.00 usd	Reclaimed Wood and Steel I... UrbanWood... \$447.00 usd	Reclaimed Wood and Steel I... UrbanWood... \$995.00 usd

Source: Etsy, Piper Jaffray Research

Etsy Model

Based in Brooklyn, Etsy has quickly grown from a small start-up to a large, formidable eCommerce platform with staying power. In March of 2013, Etsy surpassed \$1 billion in trailing 12-month gross merchandise value and is currently growing above 50% y/y.

Etsy generates revenue by first charging \$0.20 every time a listing is published. Etsy is on track to have over 35 million new items listed in 2013, which alone contribute over \$7 million in revenue. In addition, Etsy applies a 3.5% transaction fee based on the purchase price of each order. Etsy publishes its monthly gross merchandise volume (GMV) data and we estimate that Etsy is on track to reach over \$1.4 billion in GMV during 2013. As a result, we expect net transaction revenue to exceed \$50 million during 2013.

Exhibit 51

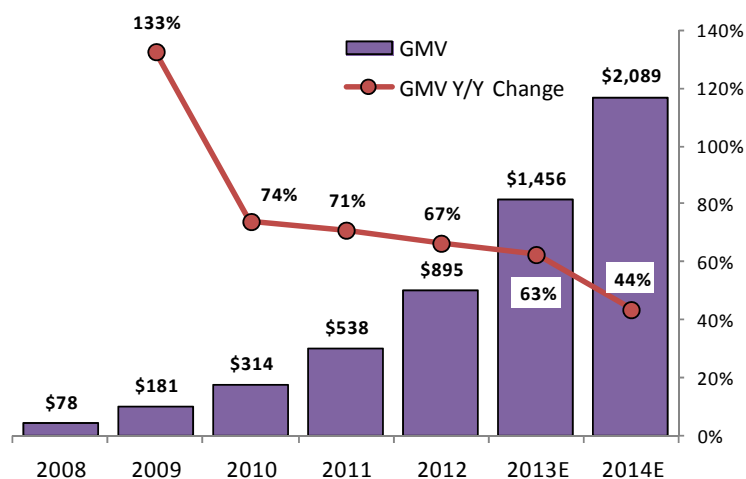
ETSY GROSS MERCHANDISE VALUE AND SIMPLIFIED NET REVENUE MODEL

\$ in millions	2008	2009	2010	2011	Q1'12	Q2'12	Q3'12	Q4'12	2012	Q1'13	Q2'13	Q3'13	Q4'13	2013	2014
New Items listed	9.9	17.3	24.3	23.3	7.0	6.6	7.3	8.1	29.0	8.3	8.3	9.1	9.9	35.6	43.1
Y/Y Chg		75%	40%	-4%	26%	24%	25%	24%	25%	19%	25%	24%	23%	23%	21%
Items sold during period	6.1	11.1	17.5	27.2	8.7	8.9	11.2	15.8	44.6	13.2	12.7	15.9	22.4	64.2	89.2
Y/Y Chg		82%	58%	56%	50%	52%	69%	78%	64%	52%	42%	42%	42%	44%	39%
GMV/item	\$12.76	\$16.34	\$18.00	\$19.77	\$20.24	\$21.39	\$19.91	\$19.34	\$20.07	\$21.94	\$23.45	\$22.50	\$22.75	\$22.66	\$23.43
Gross Merchandise Value	\$78	\$181	\$314	\$538	\$176	\$191	\$223	\$305	\$895	\$290	\$298	\$357	\$510	\$1,456	\$2,089
Y/Y Chg		133%	74%	71%	64%	63%	67%	70%	67%	65%	56%	60%	67%	63%	44%
Processing fee	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%	3.5%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Processing revenue	\$2.7	\$6.3	\$11.0	\$18.8	\$6.2	\$6.7	\$6.7	\$10.7	\$30.2	\$10.2	\$10.4	\$12.5	\$17.8	\$50.9	\$73.1
Completed order fee per transaction	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Commission per item sold revenue	\$1.52	\$2.76	\$4.37	\$6.80	\$2.17	\$2.24	\$2.79	\$3.95	\$11.15	\$3.31	\$3.18	\$3.97	\$5.60	\$16.06	\$22.29
Listings fee per item	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Listings revenue (millions)	\$2.0	\$3.5	\$4.9	\$4.7	\$1.4	\$1.3	\$1.5	\$1.6	\$5.8	\$1.7	\$1.7	\$1.8	\$2.0	\$7.1	\$8.6
Marketplace revenue	\$6.2	\$12.5	\$20.2	\$30.3	\$9.7	\$10.3	\$10.9	\$16.2	\$47.2	\$15.1	\$15.3	\$18.3	\$25.4	\$74.1	\$104.0
Take-rate (calculated)	8.0%	6.9%	6.4%	5.6%	5.5%	5.4%	4.9%	5.3%	5.3%	5.2%	5.1%	5.1%	5.0%	5.1%	5.0%

Source: Etsy.com, Piper Jaffray Estimates

Exhibit 52

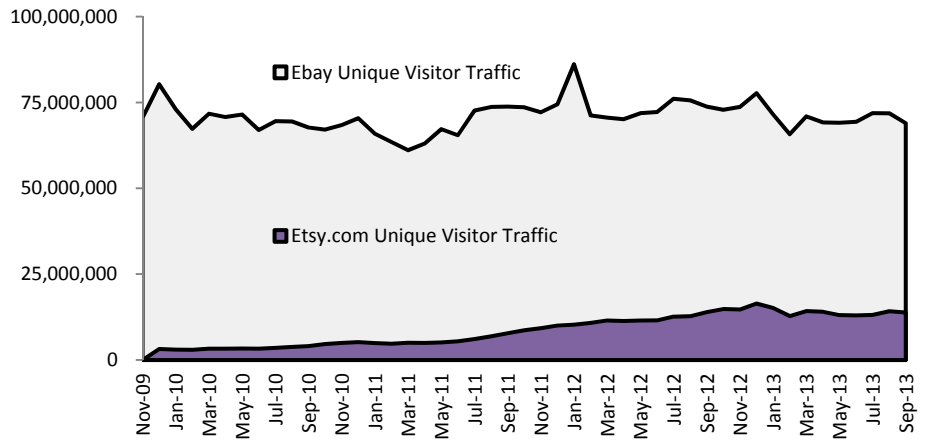
ETSY GROSS MERCHANDISE VALUE GROWTH



Source: Source: Etsy.com, Piper Jaffray Estimates

Exhibit 53

ETSY UNIQUE VISITOR TRAFFIC IN THE U.S. VS. EBAY



Source: ComScore

Source: http://www.etsy.com/blog/news/2013/etsy-statistics-june-2013-weather-report/?ref=about_blog_title

THE SHARING ECONOMY'S IMPACT ON INCUMBENT INTERNET COMPANIES

While the title of this white paper alludes to the “disruption” associated with the sharing economy, we do not expect large, online scale leaders like Amazon, Google and Priceline to be negatively disrupted by the sharing economy. Instead, we expect Internet leaders to embrace sharing economy trends and adopt or acquire sharing economy models. In fact, we have begun to see a meaningful uptick in M&A activity around the sharing economy in recent months. We mention just a few of the more notable sharing economy acquisitions and investments below.

Mergers & acquisitions within the ridesharing category

- Avis acquired ZipCar (January 2013)
- Enterprise Car Rental acquired Zimride (July 2013)
- Uber raises an additional \$258m from Google Ventures and TPG (Aug. 2013)

Future possibilities: As Uber expands “UberX” service offering, we expect Uber to bid for Lyft and Sidecar. Consolidation in this industry may make strategic sense given Lyft and Sidecar are still small, but growing rapidly. Lyft and Sidecar address the leisure segment of the ridesharing market and are beginning to bump up against UberX competitively. There may also be strategic synergies as relates to legal and regulatory costs, back-end technology and marketing.

Mergers & acquisitions within the alternative lodging category

- TripAdvisor acquired FlipKey (2008)
- HomeAway acquired VRBO (2006)
- HomeAway acquired Travelmob (2013)
- FlipKey acquired Niumba.com (2013)
- Airbnb acquired Crashpadder, Localmind, (2012)

Future possibilities: Look for major alternative lodging players to focus M&A in international markets, including South America, Europe and Asia-Pac

Note: In the coming quarters, as the vacation rental industry continues to build critical mass, we believe it is prudent for traditional OTAs to make acquisitions in the space and to “layer in” vacation rental inventory within their merchant and agency offerings. KAYAK, Hipmunk, TripAdvisor have already layered in vacation rental inventory within their metasearch results and Expedia has recently announced a partnership with HomeAway that will begin to list HomeAway properties on Expedia’s sites in 2014.

eCommerce M&A related to the sharing economy

- Amazon investment in LivingSocial reaches 31% of equity (2010-current)
- Outerwall acquires remaining equity in RedBox (2009) and EcoATM (2013)
- GameStop acquires BuyMyTronics (2012)
- Google acquires Waze (2013)
- eBay announces acquisition of Braintree for \$800m (9/26/13)

Future possibilities: Look for Amazon, eBay, Groupon, Google, Facebook and ReachLocal to acquire sharing companies, potentially including Etsy, Krrb, TaskRabbit and Zaarly.

ARE ONLINE TRAVEL AGENCIES BEING DISRUPTED BY VACATION RENTALS?

We believe that Online Travel Agencies (OTAs), including Priceline and Expedia, are more likely to avoid room night growth disruption by layering vacation and short-term rental properties into their inventory through partnerships with, or acquisition of, Airbnb, HomeAway and Wimdu (Expedia announced a partnership with HomeAway on 10/22/13). Recall that room night growth is a key metric that analysts use to gauge market share shifts within the online travel industry. We believe that as Airbnb, HomeAway, FlipKey and Wimdu grow larger, they will increasingly take room night share away from traditional hotels and online travel agents and put incremental pressure on those critical room night growth results.

We note that Expedia and Priceline have both invested in-house to add alternative lodging options to their offering; however, we believe these initiatives have been largely unsuccessful. Traditional OTAs have failed to build alternative lodging inventory in large part because the vacation rental business falls outside of their core competency and core market. In other words, the network effects that are being realized by Airbnb are not being realized by OTAs who have made only modest internal investments in the short-term rental category. Specifically, we believe Priceline and Expedia are unable to build a critical mass of vacation rental inventory organically for the following reasons: 1) it takes multiple years to build inventory and the space has already become crowded with popular platforms, 2) vacation rental owners who would theoretically want to list on an OTA site today would likely be disappointed by the low level of inquiry volume that they would receive given the typical OTA user is not looking for vacation rentals, and 3) traditional OTA websites are not set up to allow users to list their properties with user generated content, including pictures and descriptions.

While sites like Hotels.com (owned by Expedia) allow users to sort accommodation type by apartments and vacation homes (see the Exhibit below). These apartment and vacation home results are not “true” short-term rentals and vacation rentals in the same sense as one would find on Airbnb and HomeAway. Hotels.com’s apartments are professionally managed and typically priced well above comparable Airbnb options.

Exhibit 54

HOTELS.COM SCREENSHOT

The screenshot displays the Hotels.com interface for a search in Paris, France. The search parameters are 1 room for 2 adults. The average prices for different star ratings are: 2 stars at \$126.56, 3 stars at \$180.51, 4 stars at \$274.59, and 5 stars at \$483.70. The search results are sorted by 'Best Sellers'. The first listing is 'Citadines Prestige Les Halles Paris', which is a 4-star property with an 'Excellent' 4.2/5 rating and a 'Special deal' price of \$238 per night. The second listing is 'L Empire Paris', priced at \$253 per night. In the left-hand filter menu, under 'Accommodation type', the options 'Apartment' and 'Vacation home / Condo' are circled in yellow.

Source: Hotels.com, Piper Jaffray

IS AMAZON BEING DISRUPTED BY THE SHARING ECONOMY?

Despite Amazon's size (\$70 billion in trailing 12-month sales), the company has been nimble with its response to emerging sharing economy themes. Instead of being disrupted, we think Amazon has been an important influencer to the sharing economy category and will increasingly integrate collaborative consumption themes into its existing model. Recall that many sharing economy entrepreneurs from Brian Chesky (Airbnb) to John Zimmer (Lyft) have been meaningfully influenced by Amazon's approach to customer support, website design and user-generated reviews. In a now famous letter to shareholders published in 1997, Jeff Bezos outlined his company's focus on customer satisfaction and a long-term vision, both of which are key components to the Airbnb and Lyft company cultures today.

Amazon's Kindle roll-out in 2007 was also influential as it transformed the old paradigm of book *ownership* toward a new paradigm of book *access*. Recently Amazon even introduced a digital lending library for Kindle owners who are signed up for Amazon Prime. This new lending library concept makes the old paradigm of buying books seem almost unnecessary.

Exhibit 55

AMAZON KINDLE OWNERS' LENDING LIBRARY

Kindle Owners' Lending Library



Introducing the Kindle Owners' Lending Library

With Amazon Prime, Kindle owners can choose from more than 350,000 books to borrow for free with no due dates, including over 100 current and former *New York Times* best sellers and all 7 *Harry Potter* books.

Source: Amazon.com, Piper Jaffray

In addition to Kindle, Amazon has had success with its peer-to-peer third-party market offering. Recall, Amazon runs a large and fast growing third-party seller market referred to as "3P." This service has been enhanced by Amazon's "Fulfillment by Amazon" service as well as the Amazon "Webstore," not dissimilar to the webstores of sharing economy eCommerce retailers like Etsy and Zaarly. Amazon 3P and Webstore are both popular among small and medium-sized businesses because both tools empower micro-producers who have difficulty competing with scale leaders. This democratization of eCommerce is a core theme within collaborative consumption.

One example of small business empowerment vis-a-vis Amazon Webstore is the “Cold One” (www.coldone.com) example. Cold One is a small company based just outside of Portland, Oregon that makes compression ice wraps for treating muscle-related sports injuries. The company began leveraging Amazon’s infrastructure during the recession when its own margins were being compressed (no pun intended). By outsourcing fulfillment and back-end technology to Amazon, Cold One was able to survive the recession and emerge as a stronger company with a better margin profile.

COMPANY OVERVIEWS

Airbnb

Founded: 2008-
Ownership: Private
Headquarters: San Francisco, CA
Domain: Airbnb.com

Company Description: Airbnb is growing over 100% y/y with over 500,000 listings worldwide in over 33,000 cities. Hosting a lodging space on Airbnb is free. Hosts have a chance to earn money and receive the intangible benefits that many people find attractive about hosting. Airbnb makes money in two primary ways. First, Airbnb collects a 3% transaction fee from the host for each time money passes hands. In addition, Airbnb guests are charged between 6%-12% of the booking fee (the higher the total reservation amount, the lower the rate). It is best for investors to use 10% as an example. For example, if a nightly rate is \$150 and a guest stays for 5 nights, Airbnb would take \$75 from this single stay and recognize that as net revenue. The funds are transferred directly to the host. Airbnb releases payment to hosts 24 hours after guests check-in. Safety is an important concern and an area where Airbnb has learned from experience. Airbnb offers \$1 million host guarantee for potential property damage. There are numerous disclaimers and exceptions to the “host guarantee” that prevent insurance fraud.

Management Team

CEO and Co-Founder: Brian Chesky

Prior to co-founding Airbnb Mr. Chesky worked at an industrial design business after receiving a Bachelor of Fine Arts degree from the Rhode Island School of Design.

CTO and Co-Founder: Nathan Blecharczyk

Prior to Airbnb Mr. Blecharczyk worked as a program manager at Microsoft. Prior to Microsoft Mr. B held similar engineering positions at OPNET and Batiq. Mr. Blecharczyk received a Computer Science degree from Harvard.

Source: Airbnb.com

Bag Borrow or Steal

Founded: 2004
Ownership: Private
Headquarters: Seattle, WA
Domain: www.bagborroworsteal.com

Company Description: Bag Borrow or Steal is a handbag and accessories online rental marketplace. Users can browse through handbags online. The condition of the handbags is like new and products are mailed to renters who use the product for a special event and then return the bag when they are done. Rental fees vary but generally a month long rental costs 8%-15% of the suggested retail price. So if a handbag costs \$1,500 at retail, a user may be able to rent it for under \$225/month, including shipping and taxes. There is no time limit for borrowing.

Chief Executive Officer: Russ Blain

Prior to serving as the CEO of Bag Borrow or Steal, Mr. Blain worked in a variety of roles outside of the company including as a consultant at MRG and director of finance at FES. Mr. Blain earned an MBA from the University of Washington's Michael G. Foster School of Business.

Source: www.bagborroworsteal.com

Braintree Payment Solutions

Founded: 2007
Ownership: Acquired by PayPal/eBay for \$800 million
Headquarters: Chicago, IL
Domain: www.braintreepayments.com

Company Description: Braintree is a global payment platform that serves emerging online and mobile commerce businesses, including Airbnb, Fab, LivingSocial, OpenTable, TaskRabbit and Uber. Braintree enables single-click purchasing on mobile devices, which is an important component to the sharing economy's recent momentum. Braintree makes money by taking a 2.9% commission on a transaction plus \$0.30 per transaction. The company handles over \$4 billion in mobile payments.

Chief Executive Officer: Bill Ready

Bill Ready began his career as an engineer. Mr. Ready was the first engineer at Netzee, a banking software startup company that went public in 1999. Mr. Ready has also served in key engineering and management roles at emphesys (a digital health plan company) and iPay. Mr. Ready graduated from the University of Louisville with major in Computer Science. He later received an MBA from the Harvard Business School. Mr. Ready joined Accel as an "executive in residence" and, after Accel invested in Braintree, Mr. Ready was brought on as the CEO.

Source: www.braintreepayments.com

BookingPal

Founded: 2013
Ownership: Private
Headquarters: Irvine, CA
Domain: www.mybookingpal.com

Company Description: BookingPal is a solution provider to the vacation rental industry. Similar to global distribution systems (GDS) for airlines and hotels like Amadeus, Sabre and Travelport, BookingPal acts as a GDS and central booking platform for vacation rental properties.

Founder: Alex Aydin

Mr. Aydin is a serial entrepreneur whose previously co-founded NASDAQ listed Procom Technology and Icanbuy Corp (acquired by Informa in 2012). Mr. Aydin earned an undergraduate degree in Electrical Engineering and Biological Sciences from the University of California, Irvine.

Source: www.mybookingpal.com

CouchSurfing

Founded: 2004
Headquarters: San Francisco, CA
Ownership: Private, Certified B Corporation
Domain: couchsurfing.org

Company Description: CouchSurfing is an online marketplace and social network that connects travelers with hosts for alternative lodging opportunities. Travelers and hosts create online profiles that can be reviewed and rated over time based on host or traveler history. After a traveler submits a request, hosts voluntarily decide if they are interested in hosting that particular traveler during the specified time. CouchSurfing boasts more than 4 million cumulative couch surfers around the world and growing. In 2011 CouchSurfing evolved from a non-profit to a certified B corporation. The company's monetization strategy is evolving and strategically passive. For example, the primary revenue source has historically been a nominal member verification fee that is largely optional.

Management Team

CEO: Tony Espinoza

Mr. Espinoza has a long career in tech. Prior to CouchSurfing, Mr. Espinoza worked on the social and mobile business at MTV Networks, holding the title of VP and GM for MTV Networks. Mr. Espinoza has built products at Apple and has held executive positions at When.com (a company that he co-founded), AOL and Kontiki and SuperSecret.com.

Co-founder and Board Member: Daniel Hoffer

After co-founding CouchSurfing with Casey Fenton and Sebastien Letuan, Mr. Hoffer served as CouchSurfing's CEO before recruiting Mr. Espinoza. Mr. Hoffer worked as a management consultant at NEC Corporation and Siebel Systems prior to CouchSurfing. Mr. Hoffer earned a BA at Harvard in Philosophy and an MBA at Columbia Business School.

Source: couchsurfing.org

Etsy

Founded: 2005
Ownership: Private
Headquarters: Brooklyn, NY
Domain: www.etsy.com

Company Description: Etsy is a peer-to-peer online marketplace for handmade arts and crafts. In contrast to more traditional eCommerce sites, like Amazon and eBay, Etsy serves micro-producers, enabling talented craftsmen and women to reach a wide audience of consumers interested in handmade goods. In our view, Etsy is a re-imagination of the original peer-to-peer model popularized by eBay, and, at the same time, Etsy is a rebuttal to our modern retail culture, which is dominated by mass-produced goods and hyper-consumption. Etsy makes money by taking a 3.5% transaction fee and a \$0.20 per item listing fee.

Chief Executive Officer: Chad Dickerson

Before joining Etsy in the fall of 2008, Mr. Dickerson served in several leadership roles at Yahoo! Prior to Yahoo! Mr. Dickerson served as CTO of InfoWorld Media Group. Prior to InfoWorld, Mr. Dickerson served as CTO of Salon.com. Mr. Dickerson earned a BA in English literature at Duke University.

Founder: Rob Kalin

Prior to founding Etsy in 2005, Mr. Kalin earned a B.A. degree from New York University.

Source: Etsy.com

FlipKey

Founded: 2008
Ownership: TripAdvisor (ticker: TRIP)
Headquarters: Boston, MA
Domain: www.flipkey.com

Company Description: FlipKey is a leading online vacation rental marketplace owned by TripAdvisor. FlipKey boasts more than 500,000 vacation homes around the world vs. just 50,000 listings in 2008 at the time of acquisition. FlipKey's model includes both subscription and pay-per-booking methods. Subscription fees start at \$299 per year for one listing. FlipKey's pay-per-booking model is a separate offering that charges home owners 3% on all bookings received and guests an additional 5% to 10% depending on the amount, netting FlipKey a total commission rate of 8% to 13%.

Vice President and General Manager: Tracey Zhen

Mrs. Zhen joined FlipKey in 2012. Prior to FlipKey, Mrs. Zhen served General Manager of Expedia's Emerging Markets where she helped to expand Expedia's footprint in several new geographies. Prior to Expedia, Mrs. Zhen served in various roles at IAC, including strategic planning and M&A.

General Manager and Vice President: Eric Horndahl

Mr. Horndahl joined FlipKey in 2008. Prior to FlipKey, Mr. Horndahl served in various roles at eBay and BuyerZone.

Source: flipkey.com

Getaround

Founded: May 2011
Ownership: Private
Headquarters: San Francisco, CA
Domain: www.getaround.com

Company Description: Getaround is a peer-to-peer car sharing service available in San Francisco, Austin, Portland, San Diego and Chicago. Getaround utilizes a “car kit” to allow for easy and secure access to cars in the network similar to the technology used in ZipCars. Getaround’s model emphasizes comprehensive insurance packages to further promote the safety and convenience of the service. Getaround is free to join and requires no monthly or annual fees. Rental prices are set by owners and the service relies on reviews and feedback to help renters and renters vet cars and prospective drivers.

Founder and CEO: Sam Zaid

Prior to founding Getaround, Mr. Zaid earned a degree in Engineering Physics from Queen’s University in Ontario.

Founder and Director of Engineering: Elliott Kroo

Prior to founding Getaround, Mr. Kroo worked at Google helping to build the Street View product.

Source: getaround.com

GetMyBoat

Founded: 2012
Ownership: Private
Headquarters: San Francisco, CA
Domain: GetMyBoat.com

Company Description: GetMyBoat is a peer-to-peer boat rental marketplace. Launched in San Francisco in late 2012, GetMyBoat provides boat owners with a market to rent out and monetize their unused watercraft. Similar to other peer-to-peer sharing marketplaces, GetMyBoat partners with insurance agencies to provide financial security in the case of damage or personal injury.

Chief Executive Officer and Co-Founder: Sascha Mornell

Sascha Mornell is the Co-Founder of GetMyBoat, ZigAir, and Phacil. Previously, he worked for register.com, where he served as SVP of Sales & Marketing. Mr. Mornell also worked at the National Basketball Association and Dreyer’s, Japan in Tokyo. Mr. Mornell has served as an advisor/investor to several small businesses, including Osmio (acquired by Aramark), Markmonitor, AW Media and others. Mr. Mornell graduated cum laude from UC Berkeley and holds an MBA from Harvard Business School.

Chief Technology Officer and Co-Founder: Rafael Collado

Rafael Collado is the Co-Founder of GetMyBoat, ZigAir and Phacil. Mr. Collado has founded, built, managed and sold three companies, including Inabox, a web-based software company dedicated to web site creation tools acquired by register.com in 2000; BERN Associates, Inc., a company that provided Internet consulting, network services and content development tools to telephone companies that was acquired by Prime Cellular in 1996; and Sigma Research, a software company acquired by FastComm Communications in 1993. Mr. Collado also founded and was CEO of Protocom Devices, which he took public in 1985. Mr. Collado was an Associate Professor in the Electrical Engineering Department of The Cooper Union Institute in New York, and he attended the Polytechnic Institute of Brooklyn where he majored in Electrical Engineering.

Source: GetMyBoat.com

Girl Meets Dress

Founded: 2009
Ownership: Private
Headquarters: London
Domain: GirlMeetsDress.com

Company Description: Girl Meets Dress is an online luxury rental marketplace based in the United Kingdom that allows consumers to rent expensive clothing and accessories. Dresses are rented for approximately 10%-30% of the retail price plus approximately £10 for delivery. Dresses can be borrowed for 2 nights or 7 nights. Girl Meets Dress has over 4,000 designer pieces. In addition to fulfilling orders on an ad hoc basis, Girl Meets Dress offers a subscription service for frequent renters.

Management Team**Co-Founder:** Anna Bance

Prior to co-founding Girl Meets Dress, Ms. Bance worked as a public relations manager at luxury brand Hermes in the U.K. Prior to Hermes, Ms. Bance served in roles at Temperley London and as a fashion editorial writer at The Telegraph, Harpers Bazaar and InStyle. Ms. Bance earned a degree from the London College of Fashion.

Co-Founder: Xavier de Lecaros-Aquise

Prior to co-founding Girl Meets Dress Mr. de Lecaros-Aquise worked in operations, fundraising and M&A at Bryan Garnier & Co. Prior to Bryan Garnier & Co. Mr. de Lecaros-Aquise served as an analyst at Go4Venture after founding his own business Crepex Limited in 2005. Mr. de Lecaros-Aquise earned a bachelor of science in mathematics & economics at the University of Warwick.

Source: GirlMeetsDress.com

Hailo

Launched: 2011
Ownership: Private (investors include Accel Partners, Union Square Ventures and Wellington Partners).
Headquarters: London
Domain: Hailo.com

Company Description: Hailo is a taxi-cab hailing application for smartphones available in several large metropolitan cities including London, Dublin, Toronto, Chicago and Boston and coming soon to New York, Tokyo, Washington DC, Madrid and Barcelona. Hailo is a particularly important technology solution as it may enable taxi cab drivers to defend themselves against the disruption occurring at the hands of the ridesharing economy. Hailo is both consumer and driver facing. The app includes a digital payment solution and incorporates social features and review history similar to Uber and Lyft.

Management Team**Founder and CEO:** Jay Bregman

Prior to founding Hailo, Mr. Bregman founded eCourier.co.uk, a same day courier business that enhanced by the web. Mr. Bregman earned a BA from Dartmouth College and an MSc from the London School of Economics.

Founder and COO: Caspar Woolley

Prior to launching Hailo, Mr. Woolley served as the CEO of eCourier.co.uk. Prior to eCourier, Mr. Woolley served as Vice President Fleet within Avis' executive management team. Mr. Woolley earned degrees in Engineering and Economics from the University of Cambridge.

Source: hailocab.com

HomeAway

Founded: February 2005
Ownership: Public (ticker: AWAY)
Headquarters: Austin, TX
Domain: www.homeaway.com

Company Description: HomeAway is the largest online vacation rental marketplace with over 775 thousand properties around the world with the most concentration in North America, the Caribbean and Western Europe. The company held its IPO in June 2011 at \$27 per share. HomeAway owns and operates the VRBO.com brand (vacation rental by owner), HomeAway.com, BedAndBreakfast.com and AlugueTemporada.com.br in Brazil.

Co-Founder, Chief Executive Officer, President and Director: Brian H. Sharples

Mr. Sharples co-founded HomeAway in 2005 along with Carl Shepherd (HomeAway's Chief Strategy & Development Officer). Mr. Sharples is the current CEO. Prior to his work at HomeAway, Mr. Sharples served as the CEO of IntelliQuest Information Group, a supplier of marketing data and research for Fortune 500 tech companies including Apple, Microsoft and Dell. Mr. Sharples earned a bachelor's degree in math and economics from Colby College and a master's degree from the Stanford Graduate School of Business.

Chief Financial Officer and Secretary Lynn Atchison

Lynn Atchison began serving as HomeAway's CFO in 2006 roughly five years before the public offering. Prior to her work at HomeAway, Ms. Atchison served as CFO of Infoglide Software, CFO of Hoover's Online, CFO of Travelogix, and was a senior manager at Ernst & Young LLP. Ms. Atchison earned a bachelor of business administration degree in accounting from Stephen F. Austin University.

Source: HomeAway.com, SEC filings

Kickstarter Inc.

Founded: 2009
Ownership: Private
Headquarters: New York, NY
Domain: www.kickstarter.com

Company Description: Kickstarter is a crowd sourcing funding platform for creative projects. Every week, tens of thousands of people pledge millions of dollars to projects from the worlds of music, film, art, technology, design, games, fashion, food, publishing and other creative fields. Since its launch on April 28, 2009, more than two million people have pledged more than \$300 million to projects by creators who always maintain full ownership and complete creative control of their work.

Management Team

CEO and co-Founder: Perry Chen

Prior to co-founding Kickstarter, Mr. Chen worked in number of industries. Mr. Chen co-founded the Southfirst art gallery in Brooklyn, NY, and has been published by Warner Books and The New York Times. Mr. Chen earned an A.B. from the Freeman School of Business at Tulane University.

Co-Founder: Yancey Strickler

As a co-founder of Kickstarter, Mr. Strickler serves as its Head of Community. Prior to Kickstarter, Mr. Strickler was a music journalist whose writing appeared in The Village Voice, New York magazine, Pitchfork and other publications. He co-founded the eMusic Selects record label in 2007.

Source: www.kickstarter.com

Krrb

Founded: 2010
Ownership: Private (Area 17)
Headquarters: Brooklyn, New York
Domain: www.krrb.com

Company Description: Krrb is a hyperlocal online classifieds site similar to Craigslist with a focus on secondhand, vintage and handmade crafts. Krrb also allows for local businesses to market their products. Krrb serves more than 1,000 cities in over 70 countries with New York, Chicago, Paris, Austin, San Francisco and Los Angeles comprising the largest markets. Krrb puts heavy emphasis on trust and safety. The site uses a proprietary “credits” based currency system to deter scammers.

Founder: George Eid

Mr. Eid is a founder of AREA 17, an interactive agency in New York City and Paris, France. Mr. Eid started his career as a writer and director for the theater. Mr. Eid earned a degree from Bradley University.

Director: Andrew Wagner

Prior to working at Krrb, Mr. Wagner served as the editor-in-chief of a number of magazine and publications including ReadyMade and American Craft magazine. In 1997, Mr. Wagner founded LIMN and served as its editor-in-chief until 2000.

Source: Krrb.com

Lyft

Founded: 2007
Service launched out of beta: 2012
Ownership: Private
Headquarters: San Francisco, CA
Domain: www.lyft.me

Company Description: Lyft is an on-demand ride sharing service based in San Francisco with operations in 6 markets and growing. Lyft drivers (and their vehicles) are thoroughly vetted before approval. Lyft and Sidecar’s business models are similar (but unique to the rest of the market) because they are based on suggested donations instead of traditional fares.

Co-Founder Chief Executive Officer: Logan Green

Logan Green earned an undergraduate degree from University of California, Santa Barbara in 2006.

Co-Founder, Chief Operations Officer: John Zimmer

Born in 1984, John Zimmer earned an undergraduate degree from Cornell University’s School of Hotel Administration in 2005 and spent two years with Lehman Brothers before founding Zimride and Lyft.

Source: Lyft Blog blog.lyft.com, CrunchBase

MindMyHouse

Founded: 2005
Ownership: Private
Headquarters: Wellington, New Zealand
Domain: www.mindmyhouse.com

Company Description: MindMyHouse is a peer-to-peer online matching service that connects home owners and prospective house-sitters and pet-sitters. For \$20 per year, prospective house sitters are able to create an advertisement that home owners can search. A small percentage of home owners also pay to list their home on the site. MindMyHouse generates revenue primarily through the \$20 annual subscription model. Most house-sitting arrangements involve no money changing hands; however, utilities are often shared between house sitters and owners.

Source: MindMyHouse

NetJets

Founded: 1986
Ownership: Berkshire Hathaway
Headquarters: Columbus, OH
Domain: netjets.com

Company Description: NetJets is the worldwide leader in private aviation with the largest and most diverse private jet fleet in the world. NetJets began in 1964 as the first aircraft charter and management company in the world. In 1986, NetJets pioneered the concept of fractional aircraft ownership – offering individuals and businesses all of the benefits of whole aircraft ownership and more, at a fraction of the cost. Today, NetJets offers a full range of private aviation solutions through its programs in North America and Europe, including NetJets Shares™, NetJets Leases™ and the Marquis Jet Card®, which provides access to NetJets through a 25-hour jet card.

Chairman and Chief Executive Officer: Jordan Hansell

Chief Accounting Officer: Pete Richards

Source: www.netjets.com

9flats.com

Founded: 2009
Ownership: Private (Lifealike Limited)
Headquarters: Berlin, Germany
Domain: www.9flats.com

Company Description: 9flats.com is an online peer-to-peer short-term rental marketplace similar to Airbnb. The site allows homeowners to rent out rooms by the night for extra income. 9flats boasts nearly 100,000 places to stay around the world with over 50,000 places in Europe. Accommodations vary in terms of nightly rate but tend to average near the \$100 to \$150 rate. Like other successful peer-to-peer lodging marketplaces, user reviews, comments and recommendations play an important role in conversion.

Founder: Stephan Uhrenbacher

Prior to founding 9flats, Mr. Uhrenbacher was among the founding members of lastminute.com and served in various leadership positions at Bild.de, a popular German news portal. Mr. Uhrenbacher also served as a member of the leadership of Qype, a European recommendation portal, before it was acquired by Yelp!

Source: 9flats.com

99Dresses

Founded: 2010
Ownership: Private
Headquarters: Sydney, Australia
Domain: www.99dresses.com

Company Description: 99 Dresses is an online peer-to-peer marketplace that enables users to trade fashion items and accessories with other users. 99Dresses uses a virtual currency in the form of “buttons.”

Founder: Nikkie Durkin
 Ms. Durken founded 99Dresses at the age of 18.

Source: www.99dresses.com

Onefinestay

Founded: 2009
Ownership: Private (Lifealike Limited)
Headquarters: London, United Kingdom
Domain: www.onefinestay.com

Company Description: Onefinestay is an alternative lodging online marketplace similar to Airbnb. Onefinestay's demographic tends to skew toward upper income, luxury accommodation seekers. For example, a recent search in the New York City market found no rentals below \$179 per night. Onefinestay has a limited footprint in London and New York, boasting over 1,000 homes in London and over 250 in New York.

Co-Founder Chief Executive Officer: Greg Marsh
 Prior to founding onefinestay in 2009, Mr. Marsh spent three years on the IT investment team at Index Ventures, the venture capital firm behind Skype and MySQL. Previously he had management roles in operations, business development and product development at logistics marketplace start-up GF-X, most recently as the firm's Product Manager. He has an MA from Christ's College, Cambridge, and an MBA with high distinction from Harvard Business School where he was a Fulbright Scholar and graduated top of his class. He also works with Amnesty International and is elected to the charity's Finance and Audit Committee.

Co-Founder, Chief Operations Officer: Demetrios Zappos
 Prior to founding onefinestay in 2009, Mr. Zappos was founding CEO of GradFutures, a web community site. Previously he was co-founder, Operations Director and Managing Director of GF-X, the leading trading exchange for airfreight capacity, which raised £50m, and was acquired by Descartes. He was a consultant at McKinsey & Co. where he specialized in eCommerce, and was an associate at the World Bank. Mr. Zappos has an MA with first class honors in Economics from Robinson College, Cambridge, and an MPA from Harvard Kennedy School, where he was a Fulbright Scholar.

Source: onefinestay.com

Roomorama

Founded: 2009
Ownership: Private
Headquarters: New York

Company Description: Roomorama is a short-term apartment rental marketplace that caters to a wide range of budgets and tastes. The site also specifically targets Singaporean travelers visiting New York, London, Tokyo, Paris and Bali. Each site on Roomorama is vetted and the site prides itself on maintaining a track record of safety. We believe Roomorama may have as many as 200,000 listings, including over 2,500 listings in New York.

Co-Founder: Jia En Teo

Co-Founder: Federico Folcia

Source: roomaroma.com

Shapeways

Founded:
Ownership: Private
Headquarters: New York
Domain: www.shapeways.com

Company Description: Shapeways.com is a leading 3D printing marketplace and community. The company's focus is on 3D Printed products and allows users to make, buy and sell their own products. The company's goal is to bring personalized production to everyone.

Management Team

CEO and Founder: Peter Weijmarshausen

Prior to Shapeways Mr. Weijmarshausen served as CTO of Sangine N.V. a company the specialized in building satellite modems. Mr. Weijmarshausen earned degrees from Eindhove University of Technology located in the Netherlands.

Chief Strategy Officer and Founder: Marleen Vogelaar

Prior to Shapeways Mrs. Vogelaar served as a senior consultant at IMCG. Mrs. Vogelaar earned an Msc / IR in Industrial Engineering and Management Science from Eindhoven University of Technology in the Netherlands.

Source: www.shapeways.com

SnapGoods

Founded:
Ownership: Private
Headquarters: Brooklyn, New York
Domain: www.snapgoods.com

Company Description: SnapGoods is an online peer-to-peer marketplace that enables users to rent or borrow expensive gear and equipment from within their network or neighborhood. SnapGoods allows people to access gear like photo and video equipment, power tools and home medical equipment without having to purchase it outright. SnapGoods handles credit card payments and charges \$0.50 per reservation plus 7% of the reservation fee.

Management Team

CEO and co-Founder: Ron J. Williams

In addition to SnapGoods, Mr. Williams founded a company called Knodes, which is a platform that analyzes and data mines social network data. Mr. Williams earned a degree in East Asian Studies and Economics from Harvard.

Co-Founder: John Goodwin

After co-founding SnapGoods and serving at the CTO until April 2013, Mr. Goodwin began to devote his time primarily on Knodes, a social network data company. Mr. Goodwin earned a degree in Computer Science from Brown University.

Source: snapgoods.com

Sidecar

Founded: 2012
Ownership: Private
Headquarters: San Francisco
Domain: www.side.cr

Company Description: The idea of Sidecar began when CTO Jahan Khanna hitched a ride with a pizza delivery man after having trouble hailing a cab in the Marina District neighborhood of San Francisco. Similar to other ride share businesses, Sidecar is a mobile-first business that allows users to request rides from drivers in the vicinity. Sidecar matches that request with an available driver that has been vetted by Sidecar. The passenger sits in the front seat and upon arrival the mobile prompts them with a suggested donation (e.g. \$10). Riders then have a choice to “donate” whatever amount they want. Similar to other rideshare models (e.g. Lyft), Sidecar riders that donate below the suggested donation compromise their rider profile which impacts their visibility for future ride requests.

Management Team

CEO and co-Founder: Sunil Paul

Prior to serving as the CEO of Sidecar Mr. Paul co-founded Brightmail, an anti-spam company that was eventually sold to Symantec and Freeloader. Mr. Paul earned a B.E. in Electrical Engineering from Vanderbilt University.

CTO and co-Founder: Jahan Khanna

Prior to Sidecar, Mr. Khanna founded Shepherd Intelligent Systems a unique transit application while pursuing a Masters Degree in Computer Science from the University of Michigan.

Source: Sidecar.cr

Square

Founded: 2009
Ownership: Private
Headquarters: San Francisco
Domain: www.squareup.com

Company Description: Square is popular digital peer-to-peer commerce platform and device manufacturer. The company's mission is to make commerce easy for everyone. Square manufactures a free credit card reader for the iPhone, iPad and Android devices. The Square Reader allows anyone to accept credit cards anywhere, anytime, for a transaction rate of 2.75% per swipe, with no hidden fees. Square Register serves as a full point of sale system for businesses to accept payments, manage items, and share menu and location information. Square Wallet, available in the United States, is a seamless way to pay, enabling individuals to pay at their favorite local businesses, discover new ones nearby, explore menu listings and store receipts. Founded in 2009, and headquartered in San Francisco, Square is currently available in the U.S., Canada, and Japan. More information is available at squareup.com.

Management Team

CEO and co-Founder: Jack Dorsey

Jack Dorsey is the founder of Twitter. Prior to founding Twitter, Mr. Dorsey studied at New York University before dropping out to develop dispatch software that would eventually evolve into Twitter. On March 21, 2006 Mr. Dorsey posted the world's first tweet: "just setting up my twttr."

Co-Founder & Director: Jim McKelvey

Prior to Square, Mr. McKelvey served as a General Partner at Cultivation Capital. Mr. McKelvey is a serial entrepreneur and is a co-founder of company called "LaunchCode" and a company called "Third Degree Glass Factory." Mr. McKelvey earned a Bachelor of Applied Science with a Computer Science major from Washington University in St. Louis.

Source: squareup.com

TaskRabbit

Founded: 2008
Ownership: Private
Headquarters: San Francisco, CA

Company Description: TaskRabbit is an online and mobile marketplace that helps people live smarter by allowing them to outsource their errands and tasks. A flexible, on-demand delivery network, TaskRabbit also partners with local businesses looking to expand their reach and revenue at no cost. TaskRabbit is available in San Francisco, New York, Boston, Los Angeles, and Chicago.

Co-Founder Chief Executive Officer: Leah Busque

Prior to founding TaskRabbit, Ms. Busque served as a Software Engineer at IBM. Ms. Busque earned an undergraduate degree in Math and Computer Science from Sweet Briar College in 2001.

Chief Operations Officer: Stacy Brown-Philpot

Source: Taskrabbit.com, CrunchBase

Travelmob

Founded: 2012
Ownership: Acquired by HomeAway
Headquarters: Singapore
Domain: www.travelmob.com

Company Description: Travelmob is an online vacation rental marketplace focused on the Asia Pacific where homeowners can connect with travelers to rent out their homes. The unique places can be an extra cozy room, a cool loft or even a private villa. Guests can develop real connections with their hosts, live like a local and immerse themselves in the culture of their destination.

Co-founder and Chief Executive Officer: Turochas “T” Fuad

Prior to founding Travelmob, Mr. Fuad served in various roles at Skype and Yahoo! Mr. Fuad received an undergraduate degree from the University of Texas.

Co-Founder and Chief Technology Officer: Prashant Kirtane

Prior to co-founding Travelmob, Mr. Kirtane served in various roles at Yahoo! and Tata InfoTech. Mr. Kirtane received a degree from the Veermata Jijabai Technological Institute at Mumbai University in India.

Source: travelmob.com

Tripping

Founded: 2010
Ownership: Private
Headquarters: San Francisco, CA
Domain: www.tripping.com

Company Description: Tripping is a metasearch site (similar to KAYAK) that focuses on vacation rental inventory. Tripping is growing rapidly with metasearch results that include over 1 million properties in 36,000 cities. The company partners with online vacation rental sites including Airbnb, FlipKey and HomeAway. Tripping’s model is successful because, similar to hotels and air-tickets, price parity among suppliers remains elusive. In addition to metasearch tools, Tripping’s site serves as a social network hub for hosts and travelers, however the company is focusing 100% of efforts on metasearch at this time.

Founder & CEO: Jen O’Neal

Prior to founding Tripping, Mrs. O’Neal served in various positions at StubHub and held senior positions at startups in Central America and Europe. She earned an undergraduate degree at UC Berkeley.

CTO: Girts Graudins

Mr. Graudins has worked at various startups before joining Tripping. Mr. Graudins earned a BA in Mathematics in Economics and a Masters in IT / Software Engineering from Harvard.

Source: tripping.com

Wimdu

Founded: 2012
Ownership:
Headquarters: Hamburg, Germany
Domain: www.Wimdu.com

Company Description: Wimdu is a popular vacation rental marketplace with over 235,000 listings worldwide. Similar to other popular vacation rental sites, it is free to list a property on Wimdu, however, Wimdu generates revenue by taking a commission of every reservation. Wimdu has built out a proprietary payment platform that allows travelers to reserve and pay for vacation rentals online. Wimdu charges hosts a processing fee.

Founder and Chief Executive Officer: Arne Bleckwenn

Mr. Bleckwenn is an experienced Internet entrepreneur based in Europe. Prior to Wimdu, Mr. Bleckwenn served as an investor with Youtail and as the CEO and Founder of GratisPay. Mr. Bleckwenn earned an MBA in Finance and Accounting from WHU Otto Beisheim School of Management in Düsseldorf, Germany.

Source: wimdu.com

Zaarly

Founded: 2011
Ownership: Private
Headquarters: San Francisco and Kansas City
Domain: www.zaarly.com

Company Description: Zaarly is a mobile focused local peer-to-peer marketplace for custom services and handmade goods. Zaarly's business is unique in that it allows shoppers to make custom orders. During 2012 Zaarly shifted its user interface to an individualized storefront model.

Co-founder and Chief Executive Officer: Bo Fishback

Prior to co-founding Zaarly, Mr. Fishback served as vice president of entrepreneurship for the Ewing Marion Kauffman Foundation and the president of Kauffman Labs for Enterprise Creation.

Source: www.zaarly.com

Zimride

Founded: 2007

Ownership: Enterprise Holdings

Headquarters: San Francisco, CA

Domain: www.zimride.com

Company Description: Zimride is an on-demand ride sharing service based in San Francisco with operations in 6 markets and growing. Lyft drivers (and their vehicles) are thoroughly vetted before approval. Lyft and Sidecar's business models are similar (but unique to the rest of the market) because they are based on suggested donations instead of traditional fares. On July 12, 2013 Lyft announced that it had sold Zimride to rental car agency Enterprise.

Co-Founder Chief Executive Officer: Logan Green

Mr. Green earned an undergraduate degree from University of California, Santa Barbara in 2006.

Co-Founder, Chief Operations Officer: John Zimmer

Mr. Zimmer earned an undergraduate degree from Cornell University's School of Hotel Administration in 2005 and spent two years with Lehman Brothers before founding Zimride and Lyft.

Source: Zimride.com, CrunchBase

Zoom

Founded: 2012

Ownership: Private

Headquarters: Bangalore, India

Domain: www.zoomcar.in

Company Description: Zoom is a car sharing service very similar to ZipCar that allows individuals to rent cars by the hour or by the day. Fuel is covered in the rental fee with a 200km daily limit. Drivers will be charged from each kilometer beyond the daily limit. The company is operational in Bangalore with plans to expand to Mumbai and Delhi.

Co-Founder and CEO: Greg Moran

Prior to co-founding Zoom with David Back, Mr. Moran studied at USC's Marshall School of Business, where he was the Founder and President of the USC Energy Club, Southern California's largest such club. He is a graduate of the University of Pennsylvania, where he holds a degree in International Relations.

Co-Founder and President: David Back

Prior to Zoom, Mr. Back worked as a consultant at McKinsey & Co. and as an investment manager at Goldman Sachs. He earned degrees from the University of Pennsylvania and Harvard Law School.

Source: zoomcar.in

INDUSTRY RISKS

- Trust and safety record could be negatively impacted by crime or accidents.
- Over-regulation by local and state governments could stifle growth.
- Incumbents have powerful lobbying bodies, are well-capitalized and incentivized to protect their market share.
- As the economy improves, counter-cyclical benefits fade; hyper-consumption may return.
- Sharing economy services may never resonate outside of densely populated cities.
- Inquiry volumes can be light, causing property owners to churn away during periods of low activity.
- Early adoption of sharing economy services does not preclude rejection from majority of consumers.

COVERED COMPANY RATINGS, PRICE TARGETS AND RISKS

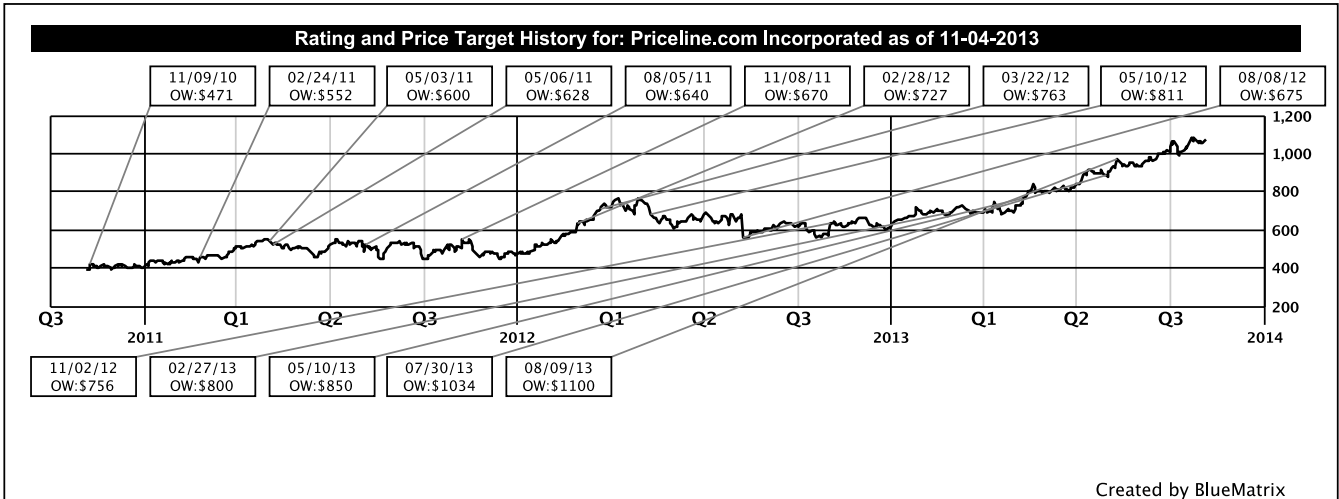
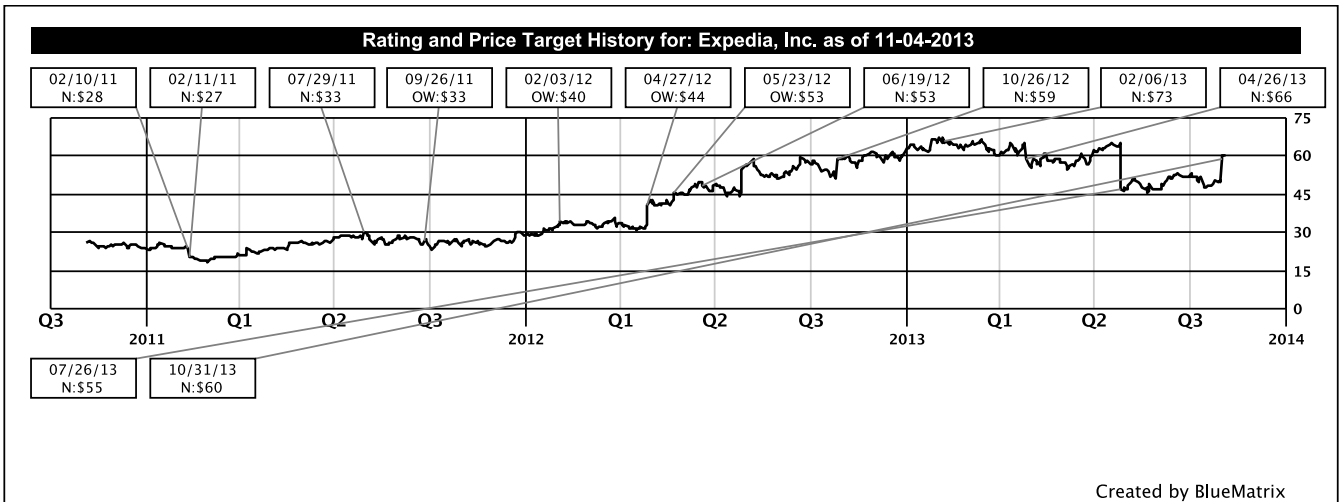
- Expedia (EXPE, \$60.24) is rated Neutral with a 12-month price target of \$60 based on 15x 2014E PF EPS of \$4.00. Risks include competition, potential margin contraction from its suppliers (hotels and airlines), a maturing domestic market.
- HomeAway (AWAY, \$29.53) is rated Overweight with a 12-month price target of \$36 based on 22x CY14E EBITDA of \$125m using 88m shares and \$337m in net cash. Risks: Changes in property owner renewal rates, competition, macro economic weakness, declines in global vacation demand.
- Priceline.com (PCLN, \$1,070.57) is rated Overweight with a 12-month price target of \$1,100 based on 22x CY14E PF EPS. Risks include: competition, supplier share gains and slowing leisure travel demand.
- TripAdvisor (TRIP, \$88.22) is rated Overweight with a price target of \$82 based on 35x CY14E EPS of \$2.35. Risks include: reduction in consumer travel and competition from new entrants in the travel space.

Note: prices reflect the close on 11/4/13.

| **NOTES**

| NOTES

Important Research Disclosures





Notes: The boxes on the Rating and Price Target History chart above indicate the date of the Research Note, the rating, and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

Legend:

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 R: Resuming Coverage
 T: Transferring Coverage
 D: Discontinuing Coverage
 S: Suspending Coverage
 OW: Overweight
 N: Neutral
 UW: Underweight
 NA: Not Available
 UR: Under Review

Distribution of Ratings/IB Services Piper Jaffray				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OW]	337	56.83	75	22.26
HOLD [N]	230	38.79	15	6.52
SELL [UW]	26	4.38	0	0.00

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Important Research Disclosures

Analyst Certification — Michael J. Olson, Sr Research Analyst
— Andrew D. Connor, Research Analyst

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