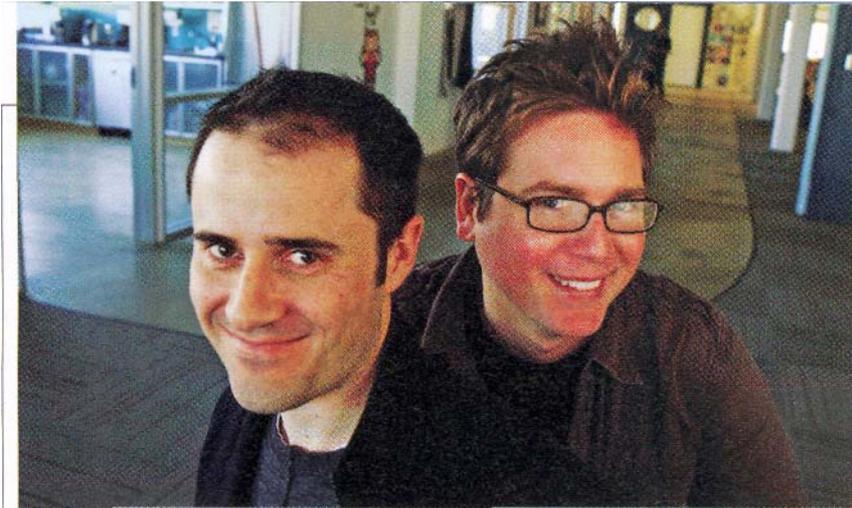


**Six million sers: nothing to Twitter at**  
*Heather Green and Robert D. Hof*



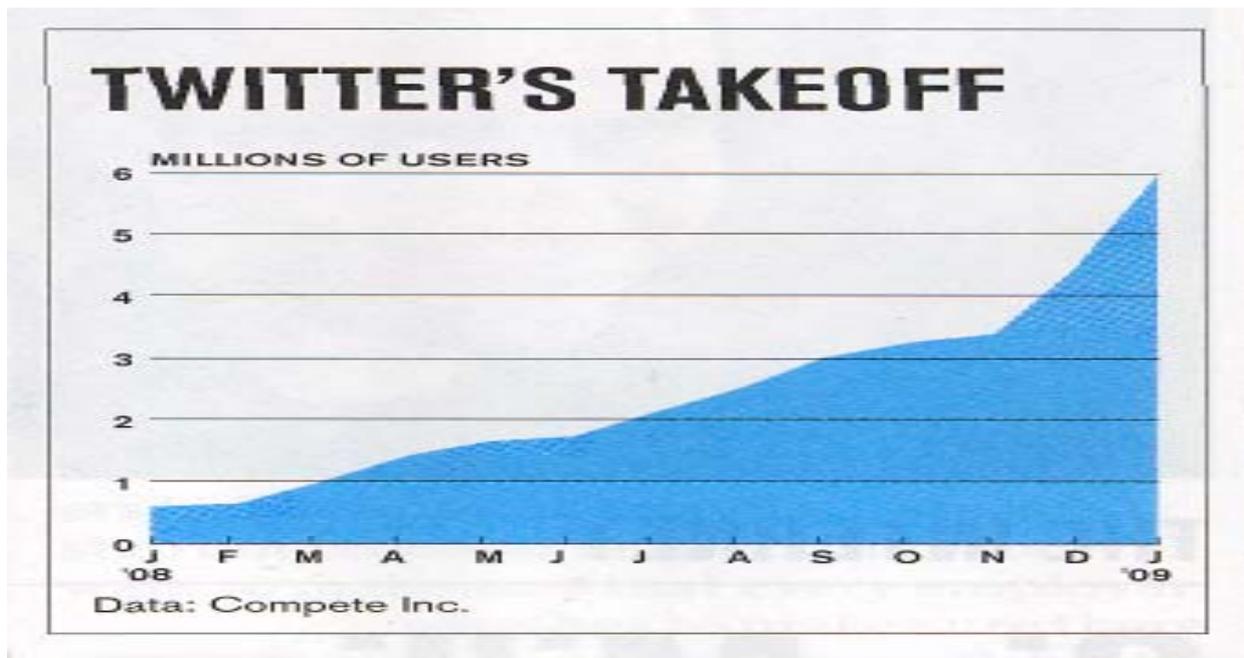
*Facebook's megabucks offer is just one sign of the microblogging site's rising business potential*

The microblogging service Twitter has caught on with everyone from celeb Ashton Kutcher to CEOs. Yet for all the buzz, Twitter has always seemed more novelty than business. Many of the 140-character posts, or "tweets," that people send out on Twitter are about topics as mundane as what they had for lunch or when they're going to sleep. Is there any real value in that ?

It turns out there is. In fact, there's growing evidence that Twitter, a company with no revenues today, could be worth several hundred million dollars. Two sources say social-networking service Facebook offered to acquire Twitter late last year for \$500 million in cash and stock. Peter Thiel, an investor in Facebook, confirmed the discussions in an interview with Business Week, though he would not comment on price. He says talks fell apart over questions about the value of Facebook's stock. Facebook's offer is unlikely to be the last. Google has "openlines of communication" with Twitter, says one source, though there are no active deal talks.

Yahoo! is another logical buyer, but the price maybe too steep for the struggling company. Google and Yahoo declined to comment on acquisition possibilities.

What's the big appeal? Twitter's growth, for starters. Six million people use the service, up from 600,000 a year ago, according to Web traffic monitor Compete, and those numbers don't include people who Twitter from cell phones or overseas. Some industry experts think that plugging search advertising into Twitter would create a gusher of revenue. When someone searched for the latest discussions on Twitter about U2, they would see the search results along with the same kind of text ads that appear on Google. Indeed, Twitter last year acquired a startup with search technology and is now considering ways to place ads on it. "There's a massive commercial opportunity here," says John Battelle, founder of online ad business Federated Media Publishing. Twitter also offers unusual immediacy. Increasingly, people use it to share news or find out about events as they happen. The first photos of the US Airways jet that landed in the Hudson River came in over Twitter. For its fans, Twitter is a more timely reflection of what's happening than news sites or Google. "Like Google, [Twitter is] finding new data to search," says Sam Schillace, Google's engineering director. "As an engineer, that makes my nose twitch."



## DATA GOLD MINE

There's a social dimension to Twitter that appeals to advertisers, too. Members can sign up to get anyone's posts—from friends to Shaquille O'Neal. This creates a rich stream of data that Twitter collects and can mine for insights. The business potential goes beyond advertising. Twitter could sell a service to marketers who want daily or even hourly reports about topics discussed on Twitter, says Ian Schafer, CEO of ad agency Deep Focus.

Twitter co-founder Biz Stone acknowledges past buyout talks, but he says the focus now is on building the business. The company raised \$35 million in venture money last month, giving it cash to stay independent and fend off potential rivals. Near term, it's working on products, such as services that will let companies pinpoint people on Twitter interested in their businesses and get detailed analyses of the people following particular companies. "We want to go for it and make a successful business out of this," says Stone

GREEN, Heather; HOF, Robert D. Six Million Users: Nothing to Twitter At. **Business Week**, New York, p. 51-52, March 16 2009.