

even bigger role in the Internet ecosystem. He talked to Yahoo earlier this year about getting a big chunk in exchange for a piece of MySpace. Meanwhile, just about every other company in tech, especially Yahoo and Microsoft, desperately wants to get into social networking. And any consumer-facing company in any industry has to figure out if it will partner with a big social-networking firm or try to go it alone. Viacom, for one, has taken a do-it-yourself approach.

Regardless of how the jockeying plays out, MySpace will probably power on. For one thing, it has some big deals on the

horizon, executives say, that could help retrieve some buzz from Facebook. "It's the first time I feel like we have a real competitor," says Anderson, obviously recovering nicely from his un-Murdochian moment of defensiveness. "It's a good thing overall, because if there was any complacency within the company, now there's someone you can look at and say, 'Hey, we've got to be better.'" MySpace will get better. Facebook will get better. Players to be named later will get better. The only sure losers in this business will be the consumer Internet companies that pretend it's all just a passing fad. **F**

BEBO'S BRITISH INVASION

BY JESSI HEMPEL

MYSPACE AND FACEBOOK MAY DOMINATE the U.S. market, but across the world, a social-networking land grab is underway. A slew of also-rans in the U.S. have attracted some unlikely followings. In Brazil, everyone's on Orkut. In Peru, it's Hi5.com. Philippines: Friendster. The U.K.: Bebo, the hottest site in all the world (that doesn't end in -ace or -ook).

British teens have taken to Bebo with a frenzy once reserved for rock bands and teen heartthrobs. And though the site has been neck and neck with MySpace for the past year, Bebo is starting to pull ahead. In July, Bebo racked up 10.6 million unique page views, according to comScore. MySpace had 10.2 million and Facebook 7.6 million. What's more, Bebo users spend an average of 38 minutes there; MySpace gets 27 minutes.

Started in 2005 by San Francisco programmers Michael and Xochi Birch, the site resembles MySpace—with less mess. Members upload photos, post personal info, and comment on one another's profiles ("omg lol cnt w8!"). The site's privacy controls are some of the tightest online.

Bebo has quickly formed alliances with the big tech companies. On Sept. 12 it announced a partnership with Yahoo, which will sell the site's display ads in Britain and Ireland. Yahoo will also integrate Yahoo! Answers with Bebo's site so that users can ask and answer questions and will develop a Bebo toolbar so that they can monitor their profiles whenever they're online. This follows a recently announced Microsoft partnership that lets members IM with anyone—Bebo friend or not—on Windows Live Messenger.

The site pairs these offerings with provocative media, combining professionally produced entertainment and user-generated content so seamlessly that it's sometimes impossible to



BIGTIME FOR BEBO The American-British Birches

tell which is which. Consider *KateModern*, an interactive drama for the web. The show's title character, Kate Modern (whose name is a play on the famous British museum, the Tate Modern), is a waifish art student trying to make it in London. She and her friends record and post short video diaries and chat with viewers. Hokey? Not ready for primetime? Well, young people in Britain are hooked. With seven million viewers, *KateModern's* audience rivals mainstream TV. The fans watch—and blog, comment, post video, and "friend" their favorite characters—from their profile pages on Bebo.com. One viewer, Alaina Whiteman, 27, watches every episode and is "friends" with the character Gavin. "It's easy to forget it's a fictional story," says Whiteman. "I also like the fact that it's just on the Bebo; it makes it a bit

of a cult thing." That kind of dedication, of course, appeals to advertisers. Bebo president Joanna Shields, a former Googler, works with companies like Procter & Gamble and Disney to create product-placement sponsorships. The site has partnered with Sony for a soon-to-launch second series, *Sofia's Diary*, which will track a teenager who has begrudgingly moved to London with her family.

Michael Birch, who is British by birth, and his team of 17 engineers keep the site running fast and rely on user feedback to add new elements. Six months before Facebook opened to outside developers, Birch was already working with third parties to help them launch "widgets"—games, slide shows, and various small programs—on the site. And Bebo has further international ambitions. In addition to building a significant

presence in English-speaking countries like Australia and New Zealand, it launched a Polish-language site in August. Similar native-language sites are underway in Italy, Spain, France, and Germany.

Bebo's success hasn't escaped the attention of the Big Two, both of which have global plans of their own. With sites already up in 19 countries plus Latin America, MySpace boasts advertising deals with 80 of the top 100 global advertisers, as ranked by *Ad Age*. Facebook, which until now has been an English-language-only site, plans to become a multilingual site with lots of country-specific widgets. And just as threatening are all the entrepreneurs in this nascent industry, from Valley veterans to college kids who have yet to unleash their big ideas.