



Stanford eCorner

The Resurgence of Consumer Electronics

Marc Andreessen, *Serial Entrepreneur*

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Video URL: <http://ecorner.stanford.edu/videos/2461/The-Resurgence-of-Consumer-Electronics>

Citing as example handheld innovations such as Flip video cameras and Jawbone headsets, serial entrepreneur Marc Andreessen claims that as of Spring 2010, consumer electronics are hot and viable in Silicon Valley once again. He argues that many of the devices in this most recent wave utilize existing chips and applications, but the market innovation comes from repackaging the technology with value-added software and services. He and his investors are very excited by the current state of possibilities.



Transcript

We think there is going to be a whole new wave of consumer electronics companies in the US and particularly in Silicon Valley. And we think that the center of gravity for the whole consumer electronic industries is likely to shift back to the US. And the reason fundamentally is because the technology that goes into a modern consumer electronics device product is completely different than it was when these products left the US. They're completely different. And specifically the hardware is much more commoditized today than it was 20 years ago. And then these products consist of a much higher percentage of software than they used to. And so what we're seeing is a whole pattern of companies in the Valley. I'll name a whole bunch and they're not all super successful yet. But Palm and TiVo and of course Apple and Sling and Flip and Jawbone. There is whole series of these companies, and a whole bunch of new ones coming, including some that were backing.

And basically what they all have in common is, they're taking off-the-shelf components, and in particular off-the-shelf chips, and in particular this really powerful new off-the-shelf graphics chips for companies like NVIDIA and TNT1 that do high-speed 3D graphics and they do high-def video and it's just all in a single little chip you can buy for just a couple of bucks. And they wrap it in a box. It comes in a box. But then they build software services that integrate right in. And of course Apple is in many ways the template for that these days, the way that Apple provides the device and the OS and the application stack and the store right in the online services. And Google is obviously doing a lot of that as well. And so we think that's actually a really interesting model. And so we think there are a whole bunch of categories of consumer electronics that can get reinvented. And then there is a whole bunch of new categories that can get created. And so I will just give you one example; we are angel investors in a copy called Jawbone that makes the sort of high-end Bluetooth headset, sort of the high fashion Bluetooth headset.

What's interesting about Jawbone, Jawbone is an example of this exact thing. Jawbone is a real R&D company with deep R&D in Bluetooth and in hardware and in software. And then the new version of the Jawbone headset that just came out, when you connect it to your PC, it turns out it has an apps store. And of course at first people think that's crazy. It's a Bluetooth headset. What kind of apps can we possibly be talking about? Well the ability to literally read you in your ear turn-by-turn directions while you're driving around, or the ability to read you your voicemails, or the ability to read you a Twitter feed or a Facebook feed, or the ability to do voice SMS. And these are just the tip of the iceberg. And basically you want to view the Bluetooth headset as a wearable computer that's going to have many different kinds of software applications running on in the future. And so basically if you can do that in Bluetooth headsets, there is any number of categories that you can do that in. And so we're extremely excited about this.

And if anybody has any great ideas we're totally game.