

BY LEV GROSSMAN SAN BRUNO

**m** Meet Peter. Peter is a 79-year-old English retiree. Back in WW II he served as a radar technician. He is now an international star.

One year ago, this would not have been possible, but the world has changed. In the past 12 months, thousands of ordinary people have become famous. Famous people have been embarrassed. Huge sums of money have changed hands. Lots and lots of Mentos have been dropped into Diet Coke. The rules are different now, and one website changed them: YouTube.

It's been an interesting year in technology. Nintendo invented a video game you control with a magic wand. A new kind of car traveled 3,145 miles on a single gallon of gas. A robot learned to ride a bike. Somebody came up with a nanofabric umbrella that doesn't stay wet. But only YouTube created a new way for millions of people to entertain, educate, shock, rock and grok one another on a scale we've never seen before. That's why it's TIME's Invention of the Year for 2006.

But if YouTube is the Invention of the Year, who exactly invented it?

Let's be clear: we know who started it. That would be three twentysomething guys named Steve Chen, Chad Hurley and Jawed Karim. At a Silicon Valley dinner party one night in 2004 they started talk-

ing about how easy it was to share photos with your friends online but what a pain it was to do the same thing with video.

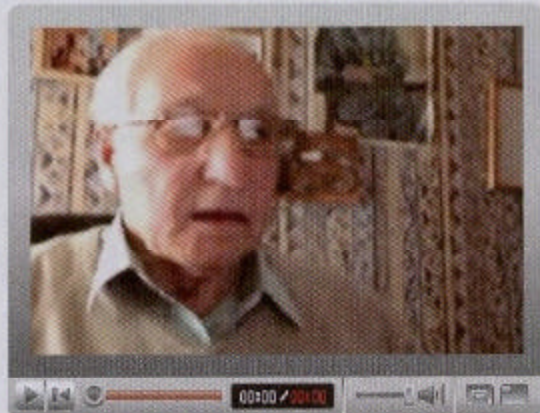
So they did something about it. They hacked together a simple routine for taking videos in any format and making them play in pretty much any Web browser on any computer. Then they built a kind of virtual video village, a website where people could post their own videos and watch and rate and comment on and search for and tag other people's videos. Voilà: YouTube.

But even though they built it, they didn't really understand it. They thought they'd built a useful tool for people to share their travel videos. They thought people might use it to pitch auction items on eBay. They had no idea. They had opened a portal into another dimension.

The minute people saw YouTube they did its creators a huge favor: they hijacked it. Instead of posting their home movies, they posted their stand-up routines and drunken ramblings and painful-looking snowboarding wipeouts. They uploaded their backyard science projects, their delivery-room footage and their interminable guitar solos. They sent in eyewitness



footage from the aftermath in New Orleans and the war in Baghdad—from both sides. They promulgated conspiracy theories. They sat alone in their basements and poured their most intimate, embarrassing secrets into their webcams. YouTube had tapped into something that appears on no business plan: the lonely, pressurized, pent-up video subconscious of America. Having started with a single video of a trip to the zoo in April of last year, YouTube now airs 100 million videos—and its users add 70,000 more—every day.



Peter—a.k.a. geriatric1927—has been viewed a million times



Brookers' skits got her a TV development deal



The Eepybird duo mix



YouTube founders Chen and Hurley: They had no idea

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What happened? YouTube's creators had stumbled onto the intersection of three revolutions. First, the revolution in video production made possible by cheap camcorders and easy-to-use video software. Second, the social revolution that pundits and analysts have dubbed Web 2.0. It's exemplified by sites like MySpace, Wikipedia, Flickr and Digg—hybrids that are useful Web tools but also thriving communities where people create and share information together. The more people use them, the better they work, and more peo-

ple use them all the time—a kind of self-stoking mass collaboration that wouldn't have been possible without the Internet.

The third revolution is a cultural one. Consumers are impatient with the mainstream media. The idea of a top-down culture, in which talking heads spoon-feed passive spectators ideas about what's happening in the world, is over. People want unfiltered video from Iraq, Lebanon and Darfur—not from journalists who visit there but from soldiers who fight there and people who live and die there.

The videos may not be slick, but they're real—and anyway, slick is overrated. Slick is 2005. The yardstick on YouTube is authenticity. That's why celebrities like Paris Hilton and P. Diddy can compete with a cute sleepy kitty and a guy doing a robot dance—and lose. That's why Peter's crusty, good-natured reminiscences have made him the all-time second-most-subscribed-to uploader on YouTube. That's why Michael J. Fox let his Parkinson's tremors show. That's why politicians have suddenly started to act like real human beings in their campaign ads, and why some—like Senator George Allen of "Macacagate" fame—have been busted for getting a little too real.

Less than a year after its launch, YouTube has become a media giant in its own right. Last month the company moved out of its 30-person office above a pizzeria in San Mateo, Calif., and into an office building in nearby San Bruno, Oh, and on Oct. 16 Hurley and Chen sold the company to Google for \$1.65 billion.

With that kind of money behind it, YouTube has to start conducting itself with

a little more legal and financial gravitas. That means making money—mostly through advertising—and convincing the TV, movie and music executives who find copyrighted material on YouTube that it's a revenue opportunity and not grounds for litigation. The learning curve is still steep. "The people marketing content see it as a great new platform, but the legal side of the business doesn't know how to react," Hurley says. "We have instances where someone within the company uploaded something, and the other side's asking you to take it down."

But YouTube isn't Napster. It already has partnerships with NBC, CBS, Universal Music, Sony BMG and Warner Music. And come on—it's the one place on the Net where people willingly, knowingly click on ads, like Nike's legendary clip of sharpshooting soccer star Ronaldinho. If you can't find money on YouTube, you're in the wrong economy, buddy.

YouTube is ultimately more interesting as a community and a culture, however, than as a cash cow. It's the fulfillment of the promise that Web 1.0 made 15 years ago. The way blogs made regular folks into journalists, YouTube makes them into celebrities. The real challenge old media face isn't protecting their precious copyrighted material. It's figuring out what to do when the rest of us make something better. As

Hurley puts it, "How do you stay relevant when people can entertain themselves?" He and his partners may have started YouTube, but the rest of us, in our basements and bedrooms, with our broadband and our webcams, invented it. ■

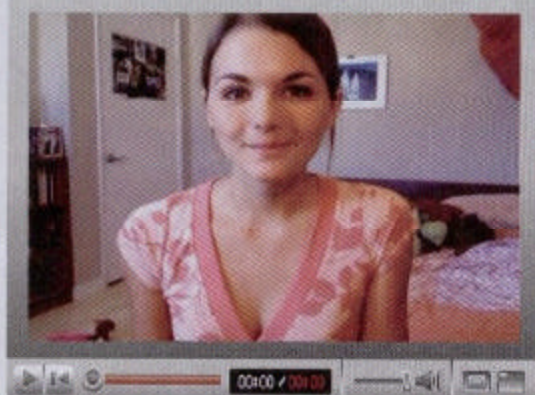
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Mentos and Diet Coke



Terra Naomi is YouTube's reigning singer-songwriter



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