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Interview with Jeff and Ryan Gardner from Ad Cafe



Adrian Bye: Today I've got the brokering twins, Jeff and Ryan Gardner on the line and we're going to talk a little bit about the brokering that they're doing; how you can work with a broker and some learn from some of their experiences in the brokering world; guys can you tell us a little bit about who you are and what you do?

Ryan Gardner: Yeah. We're Jeff and Ryan Gardner, we're the twins, we both think alike, and there are two of us to go around so we'd like to think that we get twice as much done. We basically broker products and services for people online and we work for some big companies and we work for some not so big companies and we have several accounts, anywhere from weight loss to business opportunity. We do work for a company called

Prosper and Prosper has roughly about 500 employees right now and with our online lead generation we help them do anywhere – they sometimes do a million, 1.4 million a week in sales on their call center floor and they've done some terrific things over the years. In 2005 they were nominated as entrepreneurs of the year and we would like to think that we had some help in that.

Adrian Bye: So you're driving the sales volume for Prosper Learning's approximately 60 million dollars in sales a year?

Ryan Gardner: Yeah, roughly we generate the leads online and it goes up to their coaching sales floor and they go ahead and up sale them on coaching and mentoring.

Adrian Bye: Right, any other major achievements that you're doing at the moment?

Ryan Gardner: Yeah, we generate a lot of weight loss and...other business opportunity. We specialize in the free plus shipping offers, the trial offers. We know how to generate quality leads and we also can deliver the quantity people are looking for as well.

Adrian Bye: Cool. All right, so you guys are identical twins, right?

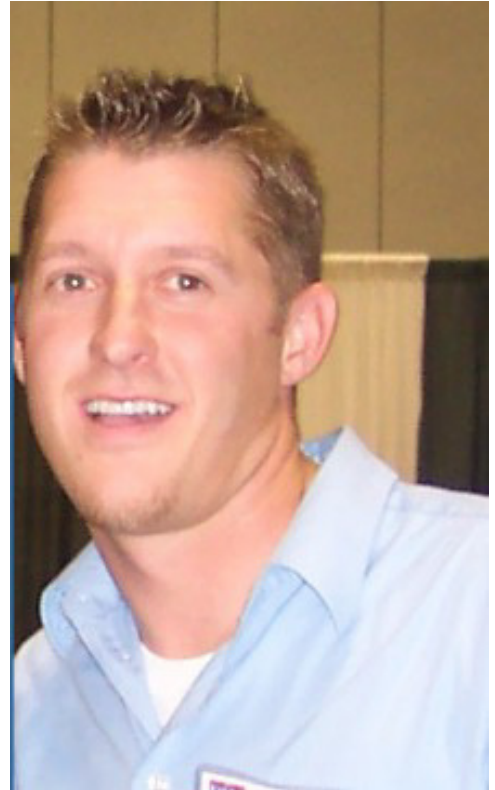
Ryan Gardner: Yes we are. Now if you've seen one of us you've probably seen us both.

Adrian Bye: So there's nothing more to see?

Ryan Gardner: Sure.

Adrian Bye: Fair enough. All right, so tell us a little bit about your brokering. I mean most brokers start like a CPA network or a lead generation company or they're very independent and become fairly closely tied with some advertisers but I haven't heard of – the case I've seen with yours is fairly unusual in that Prosper has become fairly large and you guys have gone in and decided to work or in the past have been working with them full time. Why did you decide to do that rather than being out on your own?

Ryan Gardner: Well we were out on our own in the beginning. We basically, how this all started was we used to be on a sales floor like Prosper's and we were calling on leads that were generated by other people. And we then, Ryan actually took off and went down to St. George to work with a good friend of ours, Jeremy Johnson, and he there learned how to generate some leads and went through the system, as far as, you know the Internet was quite a bit different back then, the leads that they were generating were coming from banners on Free Lotto actually, where people would pick numbers, and so they had to together figure out how to generate more leads because we have big sales floors here in Utah and we were thirsting for more. Ryan figured out the lead generation side of it with Jeremy and they basically, Ryan came back up north here in northern Utah and we started a company together and from there we started our own company and we were brokering deals for all sorts of people, didn't matter what it was, and we brokered leads for Brady Whittingham, Jeremy Johnson, we brokered a lot of different offers. Anyway, one day I'd know Randy and Ethan, Ethan Willis and Randy Garn from a couple of different things in the past and they asked me what I was doing as I met him in a restaurant and he says, "Why don't you come talk?" So we got together and they gave us a pretty good proposal to work in-house and we could still do some stuff on the side, I guess because we always like to have a little going on the side, but we had – they introduced us and brought us onboard and we came in-house and made an exclusive arrangement to just generate business opportunities for them.



Adrian Bye: So but what made you decide to go from being out on your own to going and working with Prosper?

Ryan Gardner: Well we know what kind of guys or what the volume of a sales floor can do since we came from a sales floor. We knew the volume that can be produced and if we could generate so many leads for that sales floor we participate a little bit in the backend rev.

Adrian Bye: So the deal was you bring in enough quality leads then they'll give you a little bit extra on the backend and because you're in-house there's more trust there and then you're more focused on their stuff; was that kind of how it evolved?

Jeff Gardner: Exactly.

Ryan Gardner: That's exactly how it evolved and we wanted to participate in and not necessarily right up front funds of generating the lead, we'd rather participate in the upside but be a little more patient in the beginning and it worked out very, very well.

Adrian Bye: So in hindsight that was a good move for you?

Ryan Gardner: It was definitely a great move for us.

Adrian Bye: All right.

Ryan Gardner: And also we were able to keep doing our own stuff. We got to do our side business, which is broker other deals other than biz ops, so the biz ops was exclusive to Prosper, everything else we were still able to do on the side. And our side stuff wasn't very big at the time, we kind of cooled it down and focused some of our efforts on Prosper's to get it built and get it going and...



...a couple of years ago we decided that, Ryan and I decided that we wanted to take our side business, just go big with it and basically put a little more effort into it. The Prosper boys were a little bit concerned about that because they didn't want us not paying attention to their stuff and they asked if they could kind of buy in at that point to our company and we basically started sharing in the rev as well as on our side stuff.

Adrian Bye: And so you're actually now, you're in Prosper's offices but you're now back and focused on, you're independent again, is that correct?

Ryan Gardner: Right. After a couple of years had passed and we started generating some good revenue, we actually...went back to the point where Ryan and I owned that business again. We basically...

Adrian Bye: And so you owned the business but you have Ethan and Randy as investors in your business?

Ryan Gardner: Ethan and Randy are no longer a part of our business. We call our business now Advantage Multi Marketing...

Adrian Bye: All right.

Ryan Gardner: ...and that is solely owned by Ryan and myself, and nothing has really changed. We used to be big payout; nothing has changed now just our name...

Adrian Bye: Right.

Ryan Gardner: ...just the ownership. So we still continue to do a lot of revenue through there, we generate a couple of thousand sales a week on each of our offers and again, we focus on quality but we generate a couple of thousand sales a week on each of the products that we market and we only take...a handful, maybe five or six good performing offers.

Adrian Bye: Right. So when you say quality, I mean what does quality mean? I mean a sale is a sale.

Ryan Gardner: Yes, well what we do really is that we really focus on e-mail or search; we don't do any co reged, incentivized, we've never done them and never probably will here in the future. And the reason why is because we know that eventually with incentivized type sales, they don't perform as well on the backend as we know it hasn't performed well for Prosper on the backend because we had tried some in the past but we know that it's just not as good as quality of a sale.

Adrian Bye: Right.

Ryan Gardner: And we'd rather sacrifice...quantity over the quality, we always get the quality first, but that's why people like to work with us. You know there's a lot of reoccurring billing offers out there, free plus shipping or free trial offers, and they want to make sure that the people stay on after time and what better is to deliver them good, quality traffic.

Adrian Bye: Right.

Ryan Gardner: Plus they become a client of ours for a long period of time. I mean we have three or four people that have been with us for about a year and a half to two years.

Adrian Bye: So that actually leads into a good topic. Let's say you've taken on a client and that client starts to discover where your generating the traffic from, maybe it's from other networks or various publishers or whoever, what's to stop that client from going direct and just working around you and cutting out your commission? You know meaning how do you keep this information?

Ryan Gardner: I feel, me personally, I feel it's the relationship that we have with the publishers. I think that everyone knows which publishers are out there and there are only really a handful of people that can actually really drive big volume and everyone knows them. And what set's us apart is I think our relationship that we're able to build with those publishers that – I mean we've had several

times where they've tried to contact them directly but our publishers come right back to us and say, "Hey, these guys are contacting us directly." And we really feel that if it's a win, win, win for everybody then there's no need to go around. Usually when...

Adrian Bye: But the publisher has nothing to lose by it. I mean if the advertiser goes directly to the publisher and says, "Hey, we'd like to increase the payout by 10 percent by going direct and you know let's cut out those Gardner jerks." How do you handle that? I mean I'm thinking a little...

Ryan Gardner: We tell them...Adrian we basically say, "Go ahead." We're not at a fear of loss. I think that's really what separates us too, is we believe there is plenty of money to go around, we do believe that...pigs get fat, hogs get slaughtered, and if somebody's going to try and go around you and do that they're just not, they're not anyone we want to deal with anyway. Yeah, it's not a good business practice and if they want to try it they sure can. I mean like we say, everybody probably knows each other out there and you know what there is a way to work together and still make everybody a lot of money. There's no reason to try to go out and get greedy and again, even that even comes back to us. In our brokering we don't take a lot; we'd rather see people successful and make this a long-term thing than try to be so greedy that it doesn't work for one of the parties involved.

Adrian Bye: Right.

Ryan Gardner: And also we've, really essentially we help each one of our clients produce a great performing offer. We've done several things to help them tweak their offer to make it a little bit better or make it convert a little bit better; so in turn it actually works better for them because our publishers are still happy and they want to keep producing leads for them and sales for them. So we help develop their offers at times so we consult with them.

Adrian Bye: So that gives them, the advertiser, incentive to stay with you because you can help them and you give them some optimization techniques and then just from an abundant standpoint say, "Hey, there's a lot of money out there and we expect to work with people that are fair."

Ryan Gardner: Yeah.

Adrian Bye: Does that sound like a correct summary?

Ryan Gardner: Absolutely. And...we take their offers and since we're online all day, everyday, we know what's working and we can help them implement some of those things into their own offers.

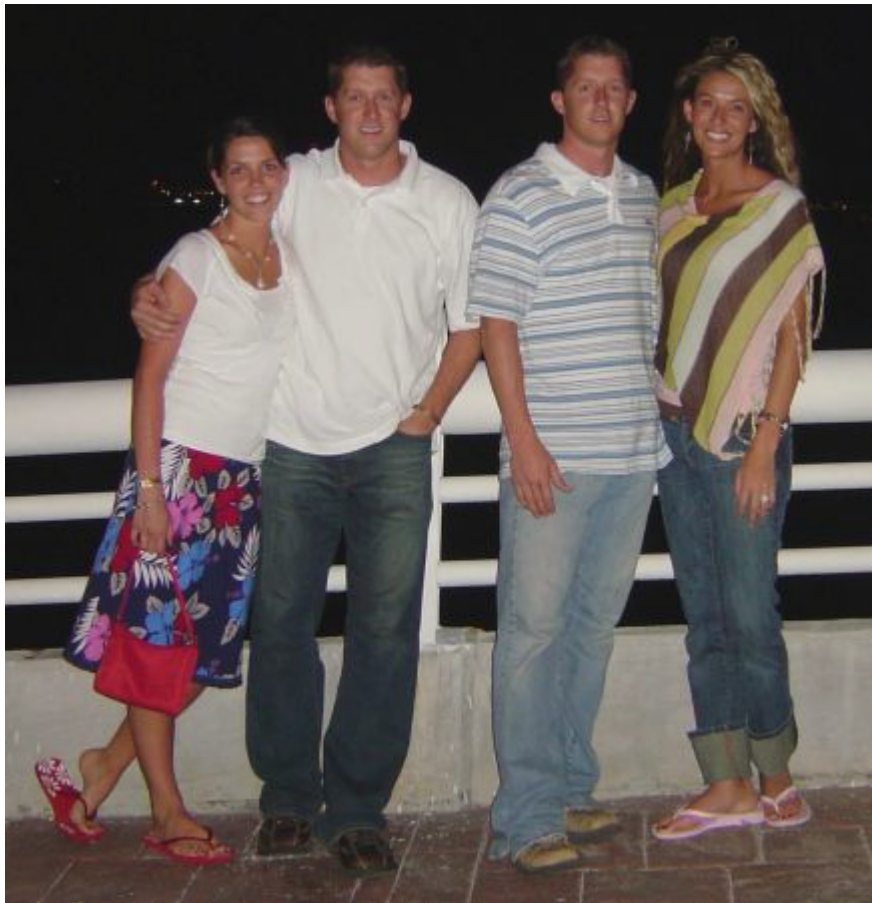
Adrian Bye: Right.

Ryan Gardner: So they're happy with us and they're usually happy with just keeping with us.

Adrian Bye: Fair enough. So you talk about then percentages and you talk about not being a greedy percentage and then a fair percentage, so what are some typical numbers you guys take and what would be too much?

Ryan Gardner: Well normally we take right around 10 percent. Like for instance if we get paid \$40.00 on an offer we'll usually take it out at \$35.00. And then we'll also try and monetize some other things to help us generate some extra revenue on the backend but for the most part we try and keep it pretty simple and take just minimal margins to help the offer get more quantity.

Adrian Bye: So you'll go for a 10 percent and so that's your standard. Do you lower that 10 percent if there's higher volume?



Ryan Gardner: It just depends on the offer but normally if we can get higher volume we actually pay our publisher more. But we do try and on some of our publishers we pay them a little less, the big players we pay them a little more so it usually equates to...10 to 15 percent there, so.

Adrian Bye: Right.

Ryan Gardner: We do whatever it takes to make an offer work for our clients too, sometimes we may take less.

Adrian Bye: Right. Now why are you doing brokering rather than just being an advertiser yourself?

Ryan Gardner: Well we've thought about that long and heavily and we've actually dabbled with that thought for quite some time and instead of always producing sales and leads for somebody else why aren't we doing – sometimes we just don't want the headache. Yeah, we believe it's in do what you're good at, do what you're best at. And like I said, we always believe there's plenty to go around. If we're good at brokering let's do that; let's not try to figure out, let's say the e-mail side. Boy if we were the e-mailer itself we could probably generate a lot of income but that's not what we're good

at. We don't want to have to figure that out, let's just let those that are good at e-mailing, e-mail; those that are good at producing offers, produce offers and we make the world go around that way.

Adrian Bye: Right. Fair enough. You mentioned then that sometimes you do some backend stuff with related to an offer, so you'll take your 10 percent and then you'll do some other things related to it, what would those kinds of things be?

Ryan Gardner: Well we could add an up sale on the backend or...like with a weight loss offer we could say, "Hey, here's our cardio program, a free workout program for \$5.00", or something like that to help generate additional revenue.

Adrian Bye: So that's a way then you can take the advertiser who has already got an offer running and say, "Look, I can drop the commission so therefore we can be more competitive if you'll add my up sale into the backend."

Ryan Gardner: Correct.

Adrian Bye: Right.

Ryan Gardner: Yeah, we've actually only done that with one person right now but...that's something that we always want to think about in the future, plus we also talk to them about sharing in the data that we generate through the traffic that we drive to help generate extra income as well.

Adrian Bye: So you do your own list management or you just hand that off to someone else then?

Ryan Gardner: Oh, we just hand that off to somebody else, like we say, we let them do what they do best.

Adrian Bye: You know it's interesting what you're saying here is actually very similar to what Ken from Primary Ads talked about; I did an interview with him about a year ago and he was very focused on just doing one thing and not doing any of the other stuff.

Ryan Gardner: Yeah, like I said, you could get defocused almost; you could dabble in a lot of different areas but...if you're focused in one spot I think you're going to do pretty good. And there's a lot to going in with owning your own offer as an advertiser so sometimes that's not what we're looking to do.

Adrian Bye: Right.

Ryan Gardner: Growing up Ryan and I have always been really competitive because we're the exact same in everything. So if we'd go play basketball, we were beating each other...it's like playing against yourself almost all the time. We want to be the best in whatever we do, we're very competitive. So we're going to go out there, we believe we're the best at what we do and we like to always keep striving to do better.

Adrian Bye: Fair enough. Tell me, let's say when you've been working with a client or as just doing brokering in itself, what assets do you end up with at the end of the day? I mean I guess so you do get data from clients when you share in the data that's generated, what other assets do you actually come away with, if you have a business to sell this?

Ryan Gardner: Well normally it's coming up with a great – people...like publishers of ours know that we come up with good offers. So as an asset I guess it builds value knowing that when we go to a publisher and say, "Hey, run this offer." I mean 90 percent of the time those offers perform really well.

Adrian Bye: Right.

Ryan Gardner: We really stick to, like Jeff said, five or six offers that we know perform really well. We don't have the whole list of 300; we throw those right out the window.

Ryan Gardner: Right.

Ryan Gardner: Let's just focus on the five or six that really work and get it pushed out there. Yeah, we could become an affiliate network and have three or 400 – I mean that's basically what affiliate networks are, they're brokers...and they get some offers that are exclusive at times. We only deal with exclusive offers that really perform. We don't want to have an affiliate network that has a list of 2,000 offers to choose from, but basically we know who's list does well and we only get those kind of offers that we're looking for, so.

Adrian Bye: So how does someone work with you guys? I mean let's say someone, I mean every advertiser wants traffic, how do you decide who to work with and how does that start?

Ryan Gardner: Well obviously when somebody contacts us through our site or just through word-of-mouth, most of our clients actually come through word-of-mouth through other people. But we obviously take a look at their site, what they have; we give them any feedback that we can give them to see how to make the site better or if they've got a great site already we just get it tested out and if performs well we run with it, but if it doesn't perform well we go back, make a few tweaks, and then if it continues to perform well then we'll continue to run it.

Adrian Bye: Right, so what – but so anyone can come to you and you'll run a test for them?

Ryan Gardner: Yeah, pretty much. I mean we're going to take a quick look at it and see if it's something we want to even deal with, something we want to dabble with because again, it comes down to focusing on the ones that are working now. But if there is an offer that looks like it would do well, it's something new, something fresh, yeah, we'll go ahead and take it and do a test to it; if it performs we can drive a lot of volume.

Adrian Bye: And so what does a lot of volume mean; like how much volume are you driving right now?

Ryan Gardner: Well we have, like we say, five or six different offers that are like free plus shipping but we generate anywhere from 1,000 to two to 3,000 sales a week for each one of those offers and those are actually buyers with credit cards.

Adrian Bye: So we're talking about 9,000, so four to 9,000 sales a month?

Ryan Gardner: Correct – a week, a week.

Adrian Bye: So what would be your total monthly buyers?

Ryan Gardner: Oh, we can generate anywhere from 20 to 30,000 buyers.

Adrian Bye: Right, that's a pretty decent volume.

Ryan Gardner: Yeah, we feel that it is and especially the right way that we know that they're going to stick and the attrition rate is going to stay there for a long time.

Adrian Bye: Right.

Ryan Gardner: Because if we drive volume, if we drive...lately there's been a lot of fraud, there's been a lot of incentivized traffic, different things, and those people don't stay on and the advertiser actually loses out because if his merchant account goes down...he's no longer in business or he's scrambling to try to figure out how things work. Again if we drive you quality we're going to stay in business with each other a lot longer.

Adrian Bye: Do you actually get in and help the advertiser fix that sort of stuff?



Ryan Gardner: Yes, of course, absolutely, I mean if we want to compete long term. We want it to be a long-term deal with them, not just something that's going to be a fly-by-night, so, plus it also helps us in getting paid.

Adrian Bye: Right. So you mentioned the types of publishers you work with are e-mail and search, can you be a little more specific?

Ryan Gardner: With whom we work with?

Adrian Bye: Yeah, like I mean what are typical publishers you work with?

Ryan Gardner: Jeff do you want to share that or what?

Jeff Gardner: Yeah, we just...the people that go to Ad Tech, that's where we find a lot of our people that we work with. I mean all the people that are there, most of them, we work with those people and that's a great way to get a lot of the brokers and different affiliates that you work with, so all the people at Ad Tech pretty much.

Adrian Bye: And so if anyone is able to come to you and convince you to take on an offer, they've got effectively all of the right doors that Ad Tech already opened for them?

Jeff Gardner: Essentially yes but they've got to have an offer. I mean they've got to have – see when it comes down to it I mean you've got to have a feel for what works.

Adrian Bye: Right. If it, I'm assuming the offer has a high CPM, if they bring it to you then you can knock open all the doors at Ad Tech and have that crowd and get the right publishers to run it?

Jeff Gardner: Yeah, absolutely.

Ryan Gardner: Yeah, absolutely, and like we said, everybody knows each other, it's just kind of going to come down to the relationship you have with that person, if he'll send your offer or not. I mean they have a lot to choose from too, right?

Adrian Bye: Right. So when you say search, is that just Google and Yahoo paid advertising or is it more than that?

Ryan Gardner: We do both paid and then also searches and optimization but we strictly, the majority of the sales come from pay-per-click because those...

Adrian Bye: And do you guys manage that yourselves or is that handed out to someone else?

Ryan Gardner: We hand it out to somebody else that's good at doing pay-per-click and only pay-per-click.

Adrian Bye: Right. And so that then tends to be, is that then a few people that are running pay-per-click or do you just give it to one guy to run pay-per-click for your offers and that's it?

Jeff Gardner: They're my people.

Ryan Gardner: They're my people, yeah. There might be two or three people that we run pay-per-click with. We tried not to have them compete, like as far as one might be running a weight loss, the other one might be running...our center thin weight loss offer, we don't like to give them the same exact offer.

Adrian Bye: So you try to avoid competition in pay-per-click?

Ryan Gardner: Yeah. Yeah, because all it's going to do is raise the price for everyone and then the pay-per-click guy is obviously going to want more money, which in turn forces us to raise our prices, which we...our publishers sometimes aren't willing to do.

Adrian Bye: Right. Are there any other channels that you care about? I mean do you have any guys trying any sort of, making any special viral front ends for your offers or do you work with any of the social networks or any of that kind of stuff?

Ryan Gardner: No, but we'll take any of them that you can send us. If you want to refer us to some of those people we would love to dabble in that, so.

Adrian Bye: Well some of them are listening and waiting.

Ryan Gardner: So we only want, again, we only want the best that are the best at what they do, right, so I want the best viral guy or I want the best, somebody who is the best at doing banners and making it working through banners, pop-ups, etc., so.

Adrian Bye: Fair enough. And what about then media buying, do you give your offers out to guys who buy media on those or do you ever do any of that yourselves?

Ryan Gardner: Well we actually have two for Advantage Multi Marketing; we actually have two media buyers in-house that actually helps us get the offer out to the different publishers; they actually happen to be related to us, one is our brother and one is our brother-in-law that married our sister.

Adrian Bye: They are not identical twins also I assume.

Ryan Gardner: No, but some people think they look like brothers.

Adrian Bye: You only get people that look like each other in your company, is that it?

Ryan Gardner: Yeah.

Jeff Gardner: That's right.

Adrian Bye: Fair enough.

Ryan Gardner: Especially when one of us needs to go on vacation or something; they always come and you can do the old bait and switch on them.

Adrian Bye: Yeah, I guess you guys could do that a lot, huh?

Ryan Gardner: Oh, yeah.

Jeff Gardner: Oh, yeah.

Ryan Gardner: We take full advantage of being twins you know.

Adrian Bye: And so you should. So when you're out there – so let's say someone brings an offer to you as an advertiser, what kind of volume are you – in-house then you're going to drive a bunch of volume by buying media, is that right?

Ryan Gardner: Yeah, all of it's done by brokering, so all of it's done by media buying for them.

Adrian Bye: But you're doing the media buying in-house?

Ryan Gardner: Yeah, well that's what I'm saying is we push – how we push the offer is I give it to my media buyers and my media buyers get the offer out to the different publishers. So in-house, I don't know what you mean by in-house or...

Adrian Bye: But these are your family members that are your employees...

Jeff Gardner: Yeah.

Adrian Bye: ...they'll then go and they'll buy media for the offers at the same time?

Ryan Gardner: Yes.

Adrian Bye: So in fact you're opening up three channels; you're doing e-mail, you're doing search and then media buying as well?

Ryan Gardner: Yes, and part of that media buying is also doing media buying for e-mail and search mainly.

Adrian Bye: Yeah, so I mean that helps explain why you can bring a fair amount of volume.

Ryan Gardner: Yeah, because I have two other guys promoting the same offer I am, just with different publishers and they work with their...whomever they have a good relationship, they obviously work with those people.

Adrian Bye: Right, any other channels that you work with?

Ryan Gardner: Not necessarily.

Jeff Gardner: No.

Ryan Gardner: We do a little bit of call center stuff but...where they...we try, like we say, we try and help our publishers, so we refer them to our different buddies like for instance in the Philippines where they can call on the partials that are collected to generate extra sales for them.

Adrian Bye: Right, so you'll help an advertiser with that stuff. What about, do you work with call center up sales as well?

Jeff Gardner: Yes.

Adrian Bye: So I mean in an instance there, as long...

Ryan Gardner: As long as it's not biz op.

Adrian Bye: But if an advertiser comes to you with an offer and you're driving volume online, can you then also plug that into some call center up sales so that they drive volume that way as well or is that not something you're do?

Ryan Gardner: That is something we do as long it doesn't compete with business opportunity.

Adrian Bye: Right.

Ryan Gardner: Because we still have an arrangement with Prosper.

Adrian Bye: Right, who are listening to this to find out what's happening, what's going on, huh?

Ryan Gardner: That's right.

Adrian Bye: All right. So how can someone best leverage working with a broker? Let's say an advertiser comes to you, what's the best way to make sure that everyone comes out well?

Ryan Gardner: I think it's just a matter of setting it up right in the beginning; just making sure that number one, the broker gets the right, has the right tools in order to make the campaign successful. So if you're looking at...they need to make sure they have an offer that converts...and what's expected in the relationship. They're expected that if we drive sales for them they need to pay us and we can...both work together on that, so.

Adrian Bye: And what are some sorts...

Ryan Gardner: I don't know about...

Adrian Bye: ... of things that an advertiser shouldn't do?

Ryan Gardner: Well...it really comes down to they believe, some advertisers are a little novice when it comes to the Internet; they believe that we have control of pushing the button on when mail can be sent and everything else. If they're going to be kind of demanding and say, "Hey, where's my volume?" Well they should actually know why; either their offer isn't converting or something has...happened and we'll always be in constant communication, so they should know; they shouldn't even have to ask that question.

Adrian Bye: Right. How much of what you do is – so I mean you're dependent on a lot of communication. I mean is a lot of what you do, does it end up being minor, trivial work?

Jeff Gardner: We don't think it's minor, we think all the stuff that we do is major.

Adrian Bye: But I mean is it stuff like fixing someone's broken link and calling someone because they're unhappy about something or I mean how much of it just ends up being...

Jeff Gardner: So.

Adrian Bye: ...heavyweight stuff and how much of it is less critical...fairly easy sort of stuff?

Ryan Gardner: Well there is a lot of that that goes on and that's why we have our media buyers and our sales to work with publishers and the advertiser and to be able to have a good communication between the two. A broken link is a heavyweight, it's big time.

Jeff Gardner: For us.

Adrian Bye: Yeah, yeah, right.

Ryan Gardner: You can't have a broken link, that's like a big issue. That may sound trivial to some people but...having a broken link or having an offer that doesn't convert, that's a big issue. You know because sometimes our advertisers change something to see if it will work better and next thing you know somebody can't order, so it's a pretty big deal. So we're on top of it and that's why we're usually always accessible through IM or e-mail or phone.

Adrian Bye: So does this, I mean in doing what you do, are you effectively on call all the time?

Ryan Gardner: My wife thinks so.

Jeff Gardner: Yeah, I would say we are, yeah.

Adrian Bye: And so your guys are generally, I mean as part of working with you as a broker, people can get a hold of you both by cell phone pretty much whenever they need to?

Ryan Gardner: Absolutely. Adrian we have it so the instant messenger is even going to our phone.

Adrian Bye: Right.

Ryan Gardner: That's when it gets real bad.

Adrian Bye: So how do you take vacations?

Ryan Gardner: Well there are two of us so it's easy. We never get to go together but.

Jeff Gardner: Yeah.

Adrian Bye: Right. And do you, I mean does a lot of this stuff you're able to delegate or do you end up doing most of that back and forth communication yourselves?

Jeff Gardner: We delegate it. With our media buyers, they do a lot of the day to day stuff but if there's a bigger issue like...an advertiser is trying to go to a search network themselves or whatever, yeah, we get involved at that point. Again, we both think alike so if Ryan is not here and there's a pressing question I can answer it because we think just the same.

Adrian Bye: So and you guys what, do you operate as partners or co CEOs or how do you?

Ryan Gardner: Well I really, this is Ryan and I head up the Advantage Multi Marketing and Jeff pretty much heads up the Prosper Learning side of things.

Adrian Bye: And do you guys, I mean...

Ryan Gardner: So we kind of split it up...

Adrian Bye: Right.

Ryan Gardner: ...yet we do both at the same time as well.

Adrian Bye: I mean at the end of the day you're still both human and although you look alike you're still not the same, I mean you must disagree on stuff from time to time?

Ryan Gardner: Of course so we fight and get it done and then we're friends five minutes later.

Adrian Bye: Right.

Ryan Gardner: We've been in fight matches here in the office, there's been plenty of those.

Adrian Bye: Oh, and what is that, what happens there?

Ryan Gardner: Well it's like USC so...we're big fans of that so that's usually what happens, somebody taps out and then we're done.

Adrian Bye: So as your new company grows you can get like a cage out back have all that caged...

Jeff Gardner: Hey Adrian it's like this, I mean how many people have you worked with before where you get so frustrated you want to hit them? We actually sometimes get to that point and then we're best friends after you know.

Adrian Bye: Right, fair enough.

Jeff Gardner: It's how it's been all our lives.

Ryan Gardner: Yeah, it just gets – it hurts worse the older you get.

Adrian Bye: When there are windows getting broken in your office the people across are like, "Oh boy, it's the Gardner brothers again."

Jeff Gardner: Yeah.

Ryan Gardner: Oh yeah, they already know when it gets heated that it's just a normal thing.

Adrian Bye: Right, interesting.

Ryan Gardner: But we're very passionate and we're very competitive at what we do and...

Jeff Gardner: We're aggressive.

Ryan Gardner: ...we're aggressive at getting things done. I would think that if anybody knew us they'd definitely say they can get the job done and we want to do it the right way.

Adrian Bye: Right. So tell me just on another question working with Prosper, let's say when you're in the deal you made with them was it all just based around backend sales; did you actually end up with any equity in the company?

Ryan Gardner: No, it was all based off of backend sales, off the sales that were generated, off the revenue that was generated on the backend sales that's how we got paid. So essentially Adrian, with our Advantage MM Company, we look at this as just another account...we're generating leads, they're helping us pay for the marketing of those leads and we both share in the backend revenue.

Adrian Bye: Right. But so coming back to – and I asked this before but just back onto it again, you're not in – your equity you're building up is the relationships in the business, you don't end up with company equity or something that can actually get sold?

Ryan Gardner: Well compared to Advantage MM we do.

Adrian Bye: I'm sorry?

Ryan Gardner: With our Advantage Multi Marketing Company...

Adrian Bye: Right.

Ryan Gardner: ...we try to build value, whether that's bringing in the data, bringing in different sources of income but that's, essentially that's where we are trying to build value for our company.

Adrian Bye: Right.

Ryan Gardner: But I mean brokering companies have value, they have relationships, they know what the advertiser wants, they know what the publisher wants; both of them, if we can put those two things together that's some value there, right?

Adrian Bye: Yeah, yeah, absolutely.

Ryan Gardner: And there have been several companies that are just broker companies that have sold out and they've made quite a bit of money because of their ability to do that.

Adrian Bye: Right. Do you ever do any offline brokering? I mean if an advertiser is building a list that could be monetized through offline direct mail and other stuff, do you do that stuff as well?

Ryan Gardner: Absolutely. We do whatever it takes to help monetize the data coming in or monetize the traffic coming to the site. That's what it's really going to come down to, if we can help everybody make more money then it's even a better win/win. Like for instance an advertiser will come to us and say, "Hey, you're like \$3.00 more than, you're wanting to charge us a CPA of \$3.00 more than the next person." But we'll actually show them how to get five or \$6.00 back in return through data management or whatever that we can share with them.

Adrian Bye: So what would be typical ways then you work with an advertiser? You're going to do online list management, you're going to do offline list brokering...

Ryan Gardner: Direct mail, there are a lot of different things. Like we've hooked almost every one of our guys that collect, a partial is what they call it, off the initial landing page before it hits to a credit card but we've almost hooked every one of them up to generate more sales through a call center over in the Philippines, so.

Adrian Bye: How much extra revenue does that bring?

Ryan Gardner: Well there's, they can up sale anywhere from 10 to 20 percent extra and then it's a lot cheaper for them as well.

Adrian Bye: Right. Okay. So you mentioned and I know when you've been working at Prosper in-house because I saw in your offices you've been doing some of the optimization on, I mean you effectively run Prosper's offices don't you because you run the leads, you're driving the leads.

Jeff Gardner: Correct.

Adrian Bye: So you, what kind of – do you want to talk about some of the optimization and some of the things you do there to make those perform well?

Jeff Gardner: Yeah, we're constantly giving input on what's going to help it convert better and that's why they like us kind of in the trenches here and they keep us close by because we can give them some feedback on what's working and give them some input on what we, because we know both sides of the business, we know the lead side and we also know what it's like to be on the sales floor as a salesperson and what kind of lead they would need in order to be able to up sale, so we bring a lot to the table that way.

Adrian Bye: How do you think your knowledge of the backend has helped, I mean what really difference does that make? As long as the lead comes in that's all that matters.

Jeff Gardner: That's all the difference in the world.

Adrian Bye: Really?

Jeff Gardner: It makes all the difference in the world.

Ryan Gardner: Yeah, because you understand that it isn't just a lead, it's the type of, the quality of the lead that really matters and you can't just generate somebody that says I'm interested in biz op working from home.

Jeff Gardner: Yeah.

Ryan Gardner: Most of these sales that we produce are what they call lost leaders. They spend a lot of money to get that one buyer and hope that it performs well on the backend, so we feel it's probably everything to do with the offer and the way it performs on the backend.

Adrian Bye: So maybe then you can answer this question. It's interesting around the Prosper offers, they tend to be focused on generating the lead, maybe a one-time sale so they can then be up sold something on the...a larger priced coaching. Why are they not also putting people into a continuity program right off the start, like the other people who are shipping it?

Jeff Gardner: We do, who says they aren't? We do both.

Adrian Bye: But you do, do both at the same time?

Jeff Gardner: Yeah, they get up sold. They get up sold like after they make the sale, sometimes they get up sold into a continuity program if they choose to.

Adrian Bye: But you're not doing, like everybody, like Brady and the other guys do with their free plus shipping offers, you're not putting them into free plus shipping and then calling the leads or you are doing both at the same time?

Jeff Gardner: Well it's still a numbers game, so whatever it comes down to and equates per sale you'll know exactly what it generates in revenue on the backend.

Adrian Bye: Right.

Jeff Gardner: So a person that signs up for a continuity program might be worth...\$100.00 on the backend eventually. And it's the same thing with the Prosper biz op opportunities, same thing, they just look at the dollar amount that that lead is going to generate after everything is said and done, so it's all a numbers game that's all it is.

Adrian Bye: But so you do, do both at the same time, you're putting them both into continuity and you're calling them for coaching?

Jeff Gardner: Correct, that happens, yes.

Adrian Bye: And I mean have you done cases where you've tested stuff like that and then found that it's damaged the offer...

Ryan Gardner: We do constant AB testing on all of our offers here at Prosper and...we're always trying to produce the best so we've tried it every which way and we always continue to try. We just basically – we just signed on with another company to do some multi variant testing because we know we need our offers to convert better than the average offer out there on the Internet.

Adrian Bye: Right. So in my experience with testing, because it's an area I've spent a fair amount of time with as well, there are three things that make the biggest difference; one is price the second is the headline and the third is the actual offer itself or what you're selling.

Ryan Gardner: Yep.

Adrian Bye: Does that reflect your experience?

Jeff Gardner: Yes, it does for sure.

Ryan Gardner: Yep.

Jeff Gardner: That's really what it comes down to, price, headline and then copy...the offer.

Adrian Bye: Right.

Jeff Gardner: And it still comes down to the number of leads that's produced to help us generate the best on the backend as well, especially with the Prosper offer. I mean we could charge \$99.00, we're just going to produce a lot less leads but it might produce the same amount of volume initially, but on the backend we'd rather have more leads to call on that are a good quality lead because it might generate more revenue on the backend.

Adrian Bye: Right. Let me ask you just another general question then on working with brokers. How can someone make sure that they're not being ripped off by a broker, i.e., over charged, not getting good quality traffic, all of the things that can go wrong?

Jeff Gardner: Well that's their responsibility as an advertiser, to know. I mean pretty much they're going to have to make sure that the traffic that they're driving is going to convert. And obviously...I would always suggest an advertiser to ramp up, not just all of the sudden go out of the gates producing 2,000 orders a week, that's crazy to me. So if you can generate a few hundred and then...within 14 to 21 days after that first week of sales that have come in you'll know how well it does on the backend, how many of those people you can charge on a continuity program or how well they're doing on the backend on an up sold coaching and mentoring program.

Ryan Gardner: How to make sure an advertiser doesn't get ripped off by a broker is they've got to use the right people; people who have had experience and maybe even ask around and see what kind of reputation they have; that's why we only want to deal with reputable companies you know.

Adrian Bye: Yeah, and so to that end, you're obviously, you guys are in the middle, it's advertisers do run into problems and aren't able to meet cash flow and that kind of stuff. I mean how do you handle and how do you manage not getting squeezed like that?

Ryan Gardner: Just making sure that we get the payments. We actually, if we start doing a certain amount of volume we demand – not demand – but we ask for payments weekly...if we produce leads Monday through Sunday we want to get paid by the following Friday so it doesn't leave us out too long.

Jeff Gardner: Yeah, it eliminates the risk that we have as a broker.

Ryan Gardner: Now we're still taking a risk.

Jeff Gardner: It's a very real risk.

Adrian Bye: Yeah, and that can be a lot of money...

Jeff Gardner: Yeah, we're taking it two weeks.

Adrian Bye: ... going down the drain.

Jeff Gardner: Absolutely. When you're producing 2,000 leads each week...

Ryan Gardner: On each offer.

Jeff Gardner: ...on each offer and each offer is paying us anywhere from 30 to \$40.00, I mean we're talking a lot of money.

Adrian Bye: Yeah. Fair enough. An area I'm interested to know if you have any thoughts on is an area that a lot of people are having trouble with is international traffic. Do you guys have any experience or any thoughts on how people can best monetize international?

Jeff Gardner: Well I think we're still trying to figure that out as well. Some of our offers don't accept international traffic but like our business opportunity offers, we always try to get people to run like traffic from UK, Canada, Australia, anywhere that speaks really English.

Adrian Bye: Because Australia, it's pretty pathetic to say international means everywhere not US but the traffic just doesn't work as well.

Ryan Gardner: Yeah. I mean we haven't had a lot of experience at just, I think it's because they may not understand what they're doing and the communication barrier is there so.

Adrian Bye: Right. So most of yours only accept US traffic?

Ryan Gardner: Right.

Adrian Bye: Right.

Ryan Gardner: Yeah, probably 80 to 90 percent of our offers do so, yeah, one or two offers can accept traffic from everywhere because most of them are dealing with US type offers. I mean like our weight loss offers they just want to strictly deal with Canada and US just because of shipping reasons.

Adrian Bye: Right. Fair enough. Anything that you guys would like to talk about, some interesting things that you're working on and all the things that are going on that you see in the industry?

Ryan Gardner: Good question...

Adrian Bye: Do you want to talk about the – sorry, go on.

Ryan Gardner: We'd like to try and be ahead of the curve obviously, instead of...being on the tail end but, I think right now there's a big issue with fraud and...we have a pretty good grasp on that. If an advertiser chooses the wrong broker, the broker will deliver him a lot of fraudulent traffic or...

Adrian Bye: And he'll find out two months later.

Ryan Gardner: Oh, well yeah, two or three months down the road they're having merchant account problems and the account is no longer there.

Adrian Bye: Right.

Ryan Gardner: And...we have a really good grasp on...making sure that we're driving the right kind of traffic. And the fraudulent leads, it's a bad, bad situation and it is going rampant right now. Somebody will actually take somebody's credit card and use it online and you call these people up

and say, "Was that you that bought the program?" And they'll say, "I haven't even been on the Internet today." So it's a big-time issue and there are a lot of affiliates, I even have a list of banned affiliates that can't run offers.

Adrian Bye: When you say fraud, I mean the issues that I've been hearing about for the free plus shipping offers have been around people using gift cards to buy offers, are you talking about something different, just generic fraud?

Ryan Gardner: Yes, I'm talking about those and just straight up credit cards. People are stealing, they're actually using credit cards and what's crazy is these affiliates will use the actual or not the affiliates themselves but people using the fraud credit cards will actually use the person's full information because they've got to allow the credit card to go through and we'll call those people back and it wasn't them that ordered.

Adrian Bye: And so the reason this is being done is the affiliates, they want the commissions?

Ryan Gardner: Right, because they're getting...for a 495 offer the credit card is charged for \$4.95 but the affiliate makes 30, \$40.00.

Adrian Bye: Right. I mean isn't that extremely easy to catch and stop? I mean why is it such a problem?

Jeff Gardner: It really is hard because it's all the correct...the people's correct information, however the people don't check their credit card statements for months later, right?

Adrian Bye: Oh.

Jeff Gardner: And they've already paid the affiliate to drive the traffic. My problem is these affiliate networks allowing all these certain people to sign up.

Adrian Bye: Right.

Jeff Gardner: I mean if there is an affiliate that's driving fraud traffic, why would this affiliate network want them on their system? I think gift cards is really minimal and I think they've got ways to now prevent those type of gift cards that you can buy at like Wal-Mart and Target and I think they can prevent those based off those numbers but I think gift cards is very minimal compared to what's actually legit fraudulent orders. The biggest issue in the last few months for anybody with the free plus shipping, even my Prosper offers, it has been the fraudulent leads, it's been nothing but a headache. We feel like we've got a really good grasp on it at this point but we've learned a lot of lessons through the process and there are other people that have learned a lot of lessons the hard way.

Adrian Bye: Well how much do you think your lessons have cost you so far?

Jeff Gardner: Well I know for sure it's cost over 150,000.

Adrian Bye: Right.

Jeff Gardner: I mean that's pretty minimal because we've been able to go back to our affiliates to say, "Hey, don't pay these guys." Or whatever, so. And there are some affiliates that, affiliate networks, they won't even tell us who the affiliate that drove the traffic is. See they're protecting these people that's what I just can't get. So in my...that's what they'd have to deal with, those affiliate networks, they've got to be better at screening these people who are signing up to drive traffic to any offer in their network. Who knows maybe they have something to do with it. Yeah, I mean they are going to get a bad name. I don't want to mention any but it's like I almost would prefer not to do business with some affiliate networks because of that. They allow people to come in, sign up fraudulent traffic and they'll basically protect this individual.

Adrian Bye: Why isn't there some sort of like industry organization or something where everybody centrally provides the names of fraudulent affiliates so they all get blocked?

Jeff Gardner: I've, that's exactly what I've been doing. I've been putting together a list of banned partners, banned affiliates, and I send it to all the networks so that they know not to allow that individual to sign up on their network to run any of my offers.

Adrian Bye: Right.

Jeff Gardner: So I continue to put this together but you are right, there needs to be some kind of organization and frankly I think the FBI needs to get involved because it is a pretty serious crime, I mean they're stealing peoples' credit cards to get paid a certain amount on it. I'm pretty adamant because I've had such headaches with this.

Adrian Bye: And what have you found that's been the best technique to stop it?

Jeff Gardner: Having great filters up front...we don't even process a card through Prosper anymore without looking at the whole information and if we – we look for certain patterns and if we see that there is a pattern involved we call that person up immediately, before we even process their credit card.

Adrian Bye: Do you guys call them or do you have someone else calling them? Do you give them out to like...

Jeff Gardner: I have a customer service center, yes, it's my own in-house customer service center.

Adrian Bye: So you'll look at, basically you're talking like you set the ABS security as being really high and then looking for specific patterns on the card information and once those patterns are triggered then you'll hand those off to your customer service guys who'll call them before they're billed?

Jeff Gardner: Right. And then the other thing is just to get feedback on those leads as quickly as possible. Let's say if the lead passes through our filter system and goes up onto a sales floor, if somebody has an issue or they call this individual and they say, "This isn't me, I never placed this order." They get that back to me right away so I can then notify the affiliate manager...

Adrian Bye: Right.

Jeff Gardner: ...and then they shut off people in their networks sometimes, but sometimes that's...you can go straight to the publisher and say, "You're driving fraudulent traffic, let's shut you off."

Adrian Bye: And so do you feel it's an issue that's under control now?

Jeff Gardner: Oh, yeah, a lot better control now. I think we're in a lot better situation. In fact anybody...advertisers that come to us, that's something that we can offer them, it's part of the asset that we like to feel we provide. Again, it's all about driving that quality traffic.

Adrian Bye: Yeah, sure. Yeah, I know that fraud is a big one. Anything else you want to talk about that's going on?

Ryan Gardner: No, we're busy, we need to get back to work.

Adrian Bye: Fair enough.

Ryan Gardner: We've got stuff to do.

Adrian Bye: All right guys. Well thank you both for making time for the interview, it's been very, very interesting.

Jeff Gardner: All right, thanks for your time.