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Interview with Larry Organ from ConsumerBase



Adrian Bye: Actually why don't you just tell us a little bit about Larry Organ and yourself and your personal side first.

Larry Organ: Sure. Larry Organ, 47 years old, born in Toronto, Canada; moved to the U.S. 22 years ago now to start my own business. And started out in the scholarship search business, business called Student Services, which eventually became -- we had a product called Financial Aid Search through the web, which became FastWeb, and was sold to Monster in 19 -- I want to say it was 1998. I loved the Monster model so much I decided to see if I could improve upon it, then started JobsOnline, which eventually actually

grew to a bigger size than Monster from a traffic point of view and our strategy was a little bit different. Whereas Monster charged employers that made it free for the job seeker, we made it free for the job seeker and the employer so more of both we felt would come, and again. The strategy was a back-end data model, where we found companies to go out and buy the data, both from the job seeker and employer side. So every time someone came to the site and entered information it was pre-sold and that was the company's revenue model.

Adrian Bye: So actually that's an interesting point there and we should go back and talk a little bit more about the personal side.

Larry Organ: Sure.

Adrian Bye: But that model after you did that, you obviously did drive a lot of traffic and it went pretty well. Did you ever get any kind of backlash from consumers as to having their data sold?

Larry Organ: Absolutely not. You know, I can't say that I'm a pioneer in selling data, because data has been around for a lot longer than we have, at least the buying and selling and manipulating of data. When someone came in to JobsOnline we would tell them the quid pro quo of using the service is that we are going to sell the personal information that you give us, and to the extent that someone saw the value in the services that we were providing they had no issue with it. For employers, it was like a bonanza, because Monster typically, especially back in the late '90s, was primarily used by mid-

sized to larger employers and wasn't really accessible, if you will, to a smaller company, you know, to the 50 employees and fewer, because they really couldn't afford to recruit that way. And by making it free, you know, we had local bar owners coming and listing jobs, open bar positions, on JobsOnline. And they knew when they signed up, we told people that we were selling the information that we were capturing. And you know, my biggest client back then was Donnelly who was trying to build a business database, and they told me that the most difficult thing that they had to capture was square footage of plant.

Adrian Bye: Right, I remember you talking about that. Maybe you should go and give that example; that's a really good example.

Larry Organ: Sure. So I'll go back to my example of a bar owner would come in and list information about the job that he was trying to fill; we would ask him how many square feet is your bar? And when someone would fill that in that information was uploaded to Donnelly, who would pay us for that information. So the employer got what he wanted, he or she wanted: They got people applying for their jobs, and it was free. The job seeker got what they wanted: They found employers that they couldn't otherwise find through Monster. And we got what we wanted with the company, because we were making revenue off of both of them, the job seeker and the employer.



Adrian Bye: And so employer would come along and fill in the size of their plant floor and that wouldn't have any relevance to the job application process, but that was key lead generation data for Donnelly so that then became worth a lot as per lead.

Larry Organ: That's exactly how it works. And so we went to Donnelly and others and said "What information are you trying to capture," and we told employers, for them to post their jobs for free on the site, they had to get us this information along with the job they were trying to fill.

Adrian Bye: Yes, amazing stuff. Let's backtrack a little bit. Tell us a little bit more about Larry Organ. I mean you grew up in the U.S.

Larry Organ: Okay, after JobsOnline, when we sold JobsOnline to Acxiom, because of all the data that we had captured in the database and the sales channels that we were selling through, and then they took the name and sold it to Monster. So if you type in JobsOnline today you'll get the Monster, but all the data still resides with the folks at Acxiom. After that, started a company called Custom Offers and I remember it well; it was April of 2001, and January 2002 sold it to Mosaic; they filed for bankruptcy 11 months later and we the employees bought the company back in 2003 and renamed it ConsumerBase and we've been going ever since. So that's a short history of the past 22 years.

Adrian Bye: All right. And you're married, kids?

Larry Organ: Married, four kids, age ranging from 8 to 15, and live in a suburb of Chicago called Winnetka.

Adrian Bye: Right. And I also remember you mentioned you'd like to also vacation in the Caribbean.

Larry Organ: Vacation in the Caribbean. Also vacationed these days more in Canada, because we're in a little resort north of Montréal where there is both a lake and a mountain and my kids have come to love this area here, so we spend as much time as we can in the summer and during the school year it's back to Chicago for school.

Adrian Bye: Right, okay. So talking about the companies you've built; I mean JobsOnline you were doing all of the data driving as well as selling yourselves. Would it be fair to say, and maybe we should go into a deeper understanding of what ConsumerBase does, but would it be fair to say that you stepped away from driving most of the data now and you're more focused on aggregating the data and just adding some value to it as well?

Larry Organ: Actually not fair at all. We're probably more active today in marketing our various websites because the websites are what fuels our data sales.

Adrian Bye: All right. Well, maybe you want to take a step back then and just explain quickly what ConsumerBase is, how big it is, the kind of stuff you're doing, how many employees. You know, just like a sound blat.

Larry Organ: ConsumerBase today, we are a three-channel business, if you will; channel number one is we are a digital agency where we provide online marketing digital agency services to clients like monster.com, military.com and others, where we will either do their banner ad buys for them or their search engine buys for them on a cost-plus basis. So we have been doing that since 2002 and we are fairly good at it, using all the tools that are commercially available. The second channel in our business is the website channel. We own and operate about ten different websites, maybe a few more, because they're different faces to different sites, and those websites, what they all have in common, is they're all transactional websites, where they make money by selling like leads typically. But the byproduct of those is data which all goes into our database, which is the third channel in our business. And the real core of our business, if you will, is we are in the data business where we are an original data supplier to the folks at infoUSA, Equifax, Experion, R.L. Polk and others. And we also slice and dice the database and sell that direct to companies throughout the country who are interested in one piece of data or another. As far as the company goes, we are approximately 40 people, we're based in Chicago, and we have and are continuing to set up sales people in different cities throughout the country so we can do a better job at going direct by being a part of local markets.

Adrian Bye: I was looking at your press releases just before this call and it looks like you've been hiring quite a lot lately.

Larry Organ: We have been hiring quite a lot and before the end of the year we hope to hire -- our plan is to hire two new sales reps per month so our ambition for this year is to get 24 new experienced data sales reps in the company. So far we're pretty much on target with our run rate of hiring two a month and now cities are important to us that we haven't filled yet. We're looking for someone in Denver. We're looking for someone in Los Angeles. We've just hired someone in San Francisco, you're about to see that, and we've hired someone recently in Atlanta so that's been pretty good to us. Philadelphia we're still looking, so there's a lot of ground yet to cover but we are doing a pretty good job hiring so far.

Adrian Bye: Cool, congrats.



Larry Organ: Thank you.

Adrian Bye: So looking over some of the products and stuff that you have, so you're out there buying a lot of media. Are you then -- you're working with an advertiser to buy media for a particular advertiser?

Larry Organ: We're buying media for our clients. We're sort agnostic as to what we buy for our clients. When the folks at Monster come to us and tell us that they need their acquisition cost for new résumé capture to be X, then we may do a spend on Google, we may do it on Yahoo, we may do it on MIVA, we may go to a banner network. Our goal is really to bring in -- our clients are, for the most part, all direct response clients; they understand what their acquisition costs per sale or per résumé or whatever their target is, and it's up to us to go out and get it. And it is that expertise that lends itself fairly nicely to the website channel of our business, because the

same skill set that we use to buy traffic for our clients we also use it to buy for our own proprietary websites as well.

Adrian Bye: Okay, so let's say I mean some of the guys listening to this call have offers around eBay, how to make money on eBay. If one of those guys wants to increase their volume is that something they can bring to you?

Larry Organ: Probably not. I mean it's a great business; I made money on eBay and I'm going to lose tens of thousands of people out there doing it. A typical client for us is someone who -- with a minimum monthly spend of \$10,000, number one. Number two, as much as we love branding business, our clients tend to be very focused on understanding their metrics and communicating

same to us and then we go out and we put together a marketing plan and execute, as I said, on a cost-plus basis. Typically we'll find catalogers understand the metrics very well. I'm trying to come up with examples of people that we --

Adrian Bye: And these are guys that are currently spending about \$5 million a month on media.

Larry Organ: Pardon me?

Adrian Bye: These are guys that are currently spending about \$5 million a month on media.

Larry Organ: I'm not sure what the company's total spend is. I know that we won't take a client who is spending less than \$10,000 a month through us, and so it's -- because of the work that we do to set up any account and to get it going, someone who is in the business of testing, doing a thousand dollar spend for a test, probably is not going to be the client that we could work with; we just couldn't make it economically work for us or them.

Adrian Bye: So these guys, that sort of money is not an issue, it's more about can you get volume.

Larry Organ: That's exactly it and so that's where we tend to focus. Also, the value of our company is determined by the quality of our clients, and so we are looking for more blue chip clients, because our end goal, like with my past companies, is to build up something very nice and then sell it. And my experience has always been that buyers will look at certainly revenues, certainly profitability, but very important as well is the quality of who your clients are.

Adrian Bye: And so you're looking for the brand name type clients.

Larry Organ: Absolutely.

Adrian Bye: Right, okay. Anything else you want to talk about on the media-buying aspect or that side of the business that's interesting?

Larry Organ: The media-buying side of our business is something, like I said, I think we do it well, but we are a commodity, because we use tools that are commercially available to everyone; it's part art, part science. I think that we're as good as anyone as the art part of it, but the science part of it we have tools to help us be very good. But the more exciting part of our business, frankly, is what happens in channel number three, which is where the data comes from.

Adrian Bye: Right. One last question just on the media side.

Larry Organ: Sure.

Adrian Bye: Are you tracking clicks and doing any kind of behavioral stuff there?

Larry Organ: It really depends on what our client is asking us for. At the end of the day what they care about is acquisition costs per lead or acquisition cost per sale. And so while we do quick

tracking if its owner requests it, it's sort of like doing an e-mail campaign where people ask you to track opens, and our response is typically "Why?" What is it going to tell you? And what you really care about at the end of the day is how much it costs you to make that sale and whether you've got 1% or 10% opens. If we track back to your target acquisition cost per sale made, the number of opens doesn't really matter. Also the same is true for a number of clicks. It's the most important metric to a sophisticated buyer is what it is costing them to make a sale.

Adrian Bye: Well, let me give you an example: Let's say you're generating leads, you're generating job seeker leads for Monster.

Larry Organ: Yes.

Adrian Bye: And so you're driving a fair amount of volume. But let's say you go and work with a high traffic website; let's say MySpace, for example.

Larry Organ: Sure.

Adrian Bye: And you do a side deal with MySpace where as users click on the ads for Monster you're getting that profile data, like a basic profile, let's say just name and e-mail address on those users and the fact that they've clicked. That data, they're not as valuable as a full lead that has been filled in by a user on a monster.com site. However, they've still represented an interest and there is some data there. Are you taking that sort of data as well, or have you put together deals like that?

Larry Organ: You're talking about two different programs. You know, if you're talking about strictly clicks, you know, that would be a branding program or how many eyeballs have seen my site or my logo, my whatever; that would be an important metric. What you're talking right now though is about capturing a pre-lead, where instead of capturing an entire résumé they're capturing a name and perhaps an e-mail address so they can re-market to it.

Adrian Bye: Exactly.

Larry Organ: And then can try to do an up-sell from there. That's more of a co-reg program, where you're capturing partial interest and then trying to up-sell from there, and so from that point of view, sure, we've found that sort of information is important. But just from strictly a marketing point of view, I don't believe that people are really interested in knowing how many people have clicked if it's not really relevant to what they're final acquisition cost per sale made is.

Adrian Bye: All right, okay. Okay, fair enough, so let's move on. The agency side; well, I guess the media buying is the agency side or is that --

Larry Organ: That is correct, yes, and then there is the website side, then there is the data side.

Adrian Bye: So maybe the website one is interesting; you obviously have a bunch of websites, and I saw one talked about in one of your press releases which is email-info.com.

Larry Organ: E-mail -- oh, that's not one of ours.

Adrian Bye: Isn't it? What was --

Larry Organ: Oh, you might think of email-lookup.com.

Adrian Bye: Email-lookup.com; yes, that's the one.

Larry Organ: Yes.

Adrian Bye: So I notice on a couple of these sites, and you talk about these sites that they're obviously important for the company, the Alexa ranks on them all seem to be around the 1.5 million marks, indicating not necessarily tons of traffic.

Larry Organ: Right.

Adrian Bye: Or is there a lot of traffic that we don't know about?

Larry Organ: Well, you've chosen the one site that's atypical to the rest of what we do. Email-lookup.com, all that really is, that's a joint venture with the folks at whitepages.com. If you go to WhitePages you'll see that the Alexa rankings are much higher. I actually prefer to use Quantacast these days than Alexa, but they're both pretty good. And what we have done is we have a database of 80 million consumers. We put that database available online for someone to do a lookup of e-mail address by first name, last name and the state, and that site is supported by banner advertising. We make no effort to market a site. The only reason we came up with the technology was to support the folks at W3 who own whitepages.com and for them it is a much bigger driver of our revenue and traffic, so it was sort of a freebie we threw out there. Typical site for us, except for that one site, is a transactional site like consumerwireless.us, for example, which is a front-end of InPhonic, where we sell cell phone applications. And so someone responds to one of our affiliates or one of our marketing efforts and comes in and buys a cell phone through that site, we wind up selling the application, all applications, whether they're approved or not, to InPhonic and we keep the resulting data capture and get a transaction fee for having originated that sale. That's more typical of the websites we have.

Adrian Bye: And so as an example, this site; is this site generating a lot of traffic, or these other sites that you have? Do they generate a lot of traffic or is it small targeted traffic that becomes worth a lot?

Larry Organ: Email-lookup, let's discount that for a moment because it's just sort of sitting out there. ConsumerWireless, we have targets for all of our traffics pursuant to the data we're trying to capture that month. And for us it's really data sales drive how much traffic we need, and to a certain extent will even drive how we select which websites to promote. If we have a -- I think I may have mentioned the last time we had a conversation is the folks at InfoUSA took their compiled database

and were looking for as many people as they could to mark that had an interest in travel. And so we don't have a travel website at this time but we had to come up with a way of finding out who on the web is interested in travel. So we use one of our sites called Reports2007. And I'm not sure if we talked about that, but that's a joint venture we have with Yahoo where we will -- Yahoo's biggest pain, as you can imagine, is competing with Google for clicks, because they both have about the same advertisers and they both get their comps on a per click basis. Google has a lot more natural traffic and Yahoo, to compete, has to find different ways to distribute. So one of the ways they do it is through us, through e-mail deployed under the Reports2007 brand. So we'll send out e-mail saying, "Hey, are you thinking of travel? Before you shop, you know, just do some comparison. Here's three different travel offers." And in that e-mail it will list the three highest paying cost per click offers on Yahoo at that moment in time. So if I send you e-mail right now and you open it either an hour from now or 10 hours from now, each time you open it you'll see different results. And when someone clicks on any one of those offers it goes to Yahoo's client but also pings our database and says that this person at that moment in time clicked on a travel offer and that information is uploaded real-time to our database for sale. This for example is how we gave the folks at InfoUSA -- we turned their compiled database into a specific travel offer so now they can sell their data; instead of for \$35 a thousand compiled, for \$65 a thousand, because it's a specific niche database, because that's where it makes sense.

Adrian Bye: That's just the behavioral click tracking, so people clicked on that they're interested in travel offers.

Larry Organ: That is correct, and so that's sort of our back fill site that allows us to come up with -- this started because I was telling you how we select which site that we are going to market, market the most. And if we're looking for specific clicks that we don't have to one of our sites, like some interest in Telco, for example, we'll focus more on the Reports2007 where we can, through our partnership with Yahoo, get a tremendous number of clicks in a certain discipline.

Adrian Bye: Is that an open thing that anyone can apply for doing e-mail drops for pay-for-click ads on Yahoo or is that something you had to actually specially work with them to set up?

Larry Organ: I think there is a very small number of us who actually are out there doing it and there's a tremendously long application process and they certainly want to vet who's good, who's not good, how you're deploying your e-mail. They're very concerned about privacy issues; how you take care of your unsubscribes and privacy clients and the rest of it. So I don't know specifically what they're -- who they're looking for and how many people they have. I know that there are not a lot of us out there doing it.

Adrian Bye: Right.

Larry Organ: Now, on the websites, I think in touching on the digital agent side for a second, I know that I may have told you in our last conversation that for about three years we were doing the search

engine marketing for the different Friendfinder companies and we looked to that space -- we stopped doing it from about a year ago -- and we looked at that space and decided that we wanted to not get in the data business, but we wanted to use dating as a way of capturing a tremendous amount of data that we'd throw over into our database. And so we have now started a dating site somewhat akin to the Friendfinder model. But the difference is that we are -- because I believe this is the future of our business and the future, quite frankly, of data -- we have started to capture cell phone numbers in a privacy-compliant way, although no standard yet exists for how you're supposed to capture cell phone numbers because there has been no legislation on it. But we're asking people if we can communicate with them through their cell phones, and to the extent that they say yes it also allows us to send commercial messages to those same people based on all the same selection criteria that we currently have in the consumer-based database. So if you think of it, someone can sign up for a dating site now, and if someone else expresses an interest in them our system will send them a text message saying "Someone else is interested in you, come back to the website and check out their e-mail." Since we have that information and we've asked them if we could send commercial solicitations to it, if this is a 35-year-old mom living in the suburbs of Los Angeles with two kids and a university education, if that's, for example -- I'm just making this up for an example -- the Domino's target, we can send that same person at 5:30 p.m. on Monday afternoon a text message saying, "By the way, your local Domino's Pizza at such-and-such an address, here's a phone number, call them right now for \$5 off." So this is in our opinion, A, the future; B, it's the way that people will target their advertising in the next few years. You cannot get better targeted than getting someone on their cell phone with a text message.

Adrian Bye: So have you actually been sending out SMSs on behalf of clients now?

Larry Organ: We are --

Adrian Bye: Or yourself.

Larry Organ: Right now we're building a database and we're finding about 25 percent of the people that use the site are giving us their cell phone numbers. We don't want to -- we're taking orders; we don't want to start deploying, however, until probably towards November, when we have a decent saturation of the phone numbers so we can make a campaign worthwhile.

Adrian Bye: So then the question is -- and obviously it's a fascinating idea and that sounds value added in the case of the Domino's certificate. People get riled up enough today about spam, and obviously this has got to come up every time you have a conversation about this; well, maybe not when you're talking to advertisers but when you're talking to other people.

Larry Organ: Sure.

Adrian Bye: How do you think consumers are going to respond to it? I mean can you do it in enough of a value-driven way where people won't get totally riled up about it?

Larry Organ: Well, number one, there's the law, and number two, there's the reasonable person theory. In the law specifically, there is no law right now that tells you can't do it because it's uncharted water, if you will. So the way we are doing it is that when people are signing up for the dating site we say, "How do you want to be contacted, by e-mail or by cell phone?" And so I'm telling you right now 25 percent of the people say they want to be contacted by text message on their cell phone. We then tell those people that part of signing up here is that we are going to send you commercial messages, so on and so forth, and we then send a text message to them saying you now must go -- with a code you now must go back to the site, enter this code to prove it's really you. So what we're trying to do is prevent against people who would put their friend's phone number in just to bug them, for example. So we've invented, if you will, double opt-in process for sending text messages. So that's how we sort of cover the law, because eventually there will be legislation that says you have to do something similar to that, I believe, or maybe less egregious, but we're trying to be as good corporate citizens as we possibly can be. Then there's the practical side of it; if we send people five messages a day, if I got five text messages a day from a commercial advertiser, I'd be up in arms, but if we limit it to once every couple of days and it's useful, you know, if I am a 35-year-old mom and it's 5:30 and it's Monday and someone says "Here's a coupon for Domino's," I'd be pretty happy about that, quite frankly. And so our job we have found -- and again, we're driven by revenue, by profitability. We're finding that for compiled data the average guy is going to spend about 35 bucks a thousand for data. For targeted, it's going to be closer to 60 to 80; depends on what type of targeted data it is. We are approaching people at \$250 per thousand for targeted text messages and nobody is batting an eye. So we think that, again, you can afford to send a lot less, have it be more profitable, if you will, and I think it's better for the advertiser and better for the consumer.

Adrian Bye: You do this on a CPM basis and not on a CPA basis?

Larry Organ: We don't do anything CPA at all.

Adrian Bye: Oh really?

Larry Organ: We're 100 percent CPM shop, unless we're doing a search engine market for selling them CPC.

Adrian Bye: Because in this instance it almost could be on a CPA basis of getting the pizza delivered, which might even be able to increase your revenues.

Larry Organ: You're absolutely right. We again, if you look at the evolution of the web, everybody and his brother was in the CPA business and people were making millions and millions of dollars. As the industry got a little more sophisticated, the risk, if you will, had shifted from the advertiser -- sort of away from the mailer to the advertiser. In other words, if they don't understand their own metrics they can't afford to do a CPM mailing. I do believe that CPA still lends itself to a lot of the fly-by-nighters out there and I realize it's a whole industry, but we have not done anything on a CPA basis certainly that I'm aware of or with any scale in the past three, four years.

Adrian Bye: Great. Would you consider JobsOnline? That was a CPA type offer, wasn't it? I mean was that broken out to the networks?

Larry Organ: Oh, it was a huge CPA offer. And by the way, we will buy for CPA basis if we can, because again, it takes all the risk out of advertising. Having said that, you have to keep in mind the times. It was -- this is back in 19 I think '99, in 2000, around then; the landscape was very different from what it is today. You know, a lot of the companies that we work with today wouldn't even consider having done business on the web seven or eight years ago, and ten years ago, check with Network Solutions; I'm not sure that American Airlines had a website ten years ago.

Adrian Bye: Yes.

Larry Organ: So we have seen -- the web is almost like dog years; you know, in the last ten years we've probably seen a hundred years of growth, and the changes that we're seeing every day in technology that allows transactions you couldn't even have considered, you know, five, six, seven years ago. Some of the tracking that we do right now I think is so sophisticated. And computers weren't fast enough, you know, ten years ago to track it. The technology probably didn't exist ten years ago, even five years ago, with some of the things that are currently going on in the web.

Adrian Bye: Would you say it's a better environment to make money in today, or back then?

Larry Organ: It depends for whom. I think it's much bigger today than it was yesterday. I think that it's almost like a sliding scale; ten years ago it was absolutely positively the wild west, where almost anything went. There were very few rules to regulate it and anyone with a clever idea who was first in the market could make some pretty decent money. Today you're seeing a lot more traditional advertising. You're seeing a lot of budgets being shifted from traditional branding to direct response and that's what the web is all about. I mean there is some branding that goes on there but not much. So while there is more money in there today than there was yesterday, I believe the money in it today is more sophisticated than it's been in the past, and so while there is an opportunity to gouge more five years ago than there is today I think that the bigger, more sophisticated players are taking the lion's share of the business out there today. I mean 24/7 I think has a great service, you know, as does Zeetel, by the way, who you just interviewed a couple weeks ago.

Adrian Bye: Right.

Larry Organ: And Zeetel could not have existed ten years ago; there just wasn't the formal network set up. And what makes them work today is the sophistication of the market and standardizing on the formats and all the rest which we didn't have five and ten years ago.

Adrian Bye: It would seem to me like a data guy like you in the past could have done some tremendous stuff, just given that it was the wild west.

Larry Organ: I tell people the story of how -- I won't name the clients but it's one of the big office store chains. They came to us in I want to say 2001; I could be off by a year, but I think it was 2001. And they wanted to capture names of people interested in receiving their offline magazine. And so on a co-reg basis, this is another someone who signed up for JobsOnline already. All we had to do was pre-select -- select a little button that says "Send me your office supplies catalog." They paid us a buck apiece and they wanted a million of them, so we got a \$1 million order for a million co-regs. That same co-reg today is probably worth 3 to 5 cents I'm guessing.

Adrian Bye: Right. Were they pre-checked or not pre-checked?

Larry Organ: My memory says it was pre-checked but I'm not positive, to be quite honest. But another big difference is from today -- most of what we were doing was pre-selected so I'll say it probably was that. Another big difference is the scrubbing that happens today versus there was no such thing as scrubbing, you know, six, seven years ago; it just wasn't part of our landscape back then. So there were some huge deals out there and a lot of people made a lot of money that no longer exists today. But again, this same store came along, did some standard co-reg program, they'd be paying a lot less, and frankly they'd probably be doing it a lot more because it would work a lot better when you're buying your leads for 5 cents as opposed to a buck.

Adrian Bye: Right.

Larry Organ: And you're just scrubbing them against what you currently have and you can even use them -- be a little more sophisticated instead of I'm only looking for people who meet certain criteria because those are my typical buyers. So I think it's gotten better and that's what's driving more money to the web as people get to use it in a more sophisticated way as a tool to capture information.

Adrian Bye: And being more real rather than just ripping people off.

Larry Organ: Yes. I don't think people were -- I don't think JobsOnline was ripping this company off, you know, six, seven years ago. I think that's just the way -- those are the prices that the web was commanding. No one really understood what its value was and today we're getting a lot better in understanding what -- it's nothing more than another channel.

Adrian Bye: All right. I wasn't suggesting that you guys were doing that but just in general.

Larry Organ: No, no, I didn't take it as that. But look at Scott Richter and CPA Empire. You know, we had a great idea and he was in the CPA business and just he really understood how to make that thing hunt and that same business model just doesn't work today. He's still in business, but it's very different from what his business was three, four years ago.

Adrian Bye: Yes, sure. So talking about the co-reg and JobsOnline thing, maybe we should lead into, I don't know, some of your behavioral targeting or your data buying and then adding value and then

selling. You want to talk about that and maybe how -- you're always interested in buying data, is that correct?

Larry Organ: We're always interested in buying data, and we will to fill orders and to build our database, but we have found as we grow as a company that the best data that we can get is data that we generate ourselves. We have found through some of the sources that we buy data that if they're selling to us they're selling to a hundred other people as well. And so a lot of the data that you tend to buy will be tired data, not that it doesn't have its uses. And a great use, for example, of acquired data, as long as it's done, again, in a privacy-compliant way is for an e-mail append. And I'm trying to think, we just did a very large e-mail append for -- it will come to me in a second -- who sells all -- you can buy -- it's a big chain. GNC. GNC has a database of I don't know how many tens of millions of clients that they want to contact through e-mail, and so instead of sending out catalogs, because you know the cost to send out a catalog may be a buck whereas the cost of an e-mail is a couple of cents, and so we just did an e-mail append for them where we were able to match over a million of their clients with an e-mail address and now they're contacting those people by e-mail; I assume they're enjoying some success at it. That's a typical application of data where it doesn't really matter if you have behavioral information or not, as long as you can specifically match back an individual name and postal address to an e-mail address. And selling appends, by the way, is probably today the single largest application of our data. Having said that, we work with HSBC, who is interested in what their model is; that they want to make sure that every man, woman and child -- I shouldn't say child - every man and woman has an HSBC credit card in this country. And so what they are doing is they are contacting people by phone to the extent that they're not on the do-not-call -- the FTC's do-not-call list. We presented them with a solution saying that if you have someone's postal address, we can give you their e-mail address, and so what you should do is select out the people on the do-not-call list so you can then target them by e-mail. And they came to us and that's been -- we have met their actual cost per application and that's been a very successful program for us. We have found that we have even better results when we can score that person by what they've done in the web; for example, have they been on a credit card site in the past 30, 60 or 90 days, so that's an application of some of the behavioral data that we have in combination with an e-mail append.

Adrian Bye: So would it be an accurate statement to make that most of your business is driven around serving the direct response needs of blue chip advertisers using advertisers using clever direct response marketing techniques on the web and offline?

Larry Organ: You're 100 percent correct, and the only thing I'd add to it is we consider ourselves to be in the solution-providing business where again an HSBC comes to us -- they even come to us looking for a data, for an e-mail append. We actually came to them; they didn't come to us, but we went to them and said "Tell us what your pain is," and they said their pain is they want every man and woman to have one of their credit cards but there is, I think 100 million people today on FTC's do-not-call list and they can't get through to those people, did we have any solutions for them. And

we said, "Hey, do we have the solution," and that's how we got into the e-mail append business with HSBC. You know, I could tell you there's -- we're working now with one of the large car companies here in the U.S. who spends a tremendous amount of money recruiting people to do surveys for them and that's how they decide what model change they want to make with their cars based on survey data and so we're showing them how they can lower their cost of capturing people who will fill out their surveys by acquiring those people online as opposed to doing it through the traditional telephone methods. Again, it's a solution that we can provide based on the data that we've captured.

Adrian Bye: So it seems like the stuff that you're doing with data sales, and particularly to the blue chip guys that can afford to spend a fair amount of money on this stuff, that viral marketing would be a perfect addition to it. I mean you must have seen the tell-a-friend type invites where you get an invite to join LinkedIn or any one of these other sorts of sites or some --

Larry Organ: We've been a very successful example of that, yes.

Adrian Bye: Yes.

Larry Organ: And you know, that's something that someone may do on their own. We actually do tell-a-friend on some of our different sites as well, but it's not a service that we'll provide for a client. Another example of a client that we are -- and this really crosses all three channels of our business -- but there is a company out there based in Miami, and I'd like to tell you their name but I need to get their permission first. But what they do is when you sign up for Bank of America credit card and then you receive an offer from Bank of America for credit insurance or whatever they send out it's actually not Bank of America doing it it's that they've hired this company to do it for them and then they work on a rev-share basis. With this company now everything that they've done up until now is off line. We are actually creating websites to support their various offers and we are getting -- Bank of America, believe it or not, does not have these people's e-mail addresses, so we're doing e-mail append to capture e-mail addresses. We'll send out e-mail to drive these Bank of America clients to the specific website to allow them to give them the options of doing this online as opposed to through the mail. And so we're creating this whole channel using the technology that we have available to us and our ability to create these websites as well as the data back-end to convert their offline data to online data to drive that traffic to the site.

Adrian Bye: So you built the whole process of driving traffic all the way through to selling the data, or do you prefer to work part way through the process where someone else is driving the traffic and then you're doing some value add on the data and then working with the client?

Larry Organ: Honestly? I prefer just work with - in the data part of it; A, because I believe it's what we're best at and it's something that we -- you know, when you look at the agency side of the business, I'm not the only CEO -- an agency will tell you this -- we may love the business, but we hate the margins. Typically the agency business is 15 to 20 percent margin and you can't spend the

amount of time you'd like on any one client based on the amount you're being paid, and if you try to charge more then they're going to give the business to someone else. So how do you dedicate your best resources to providing a solution for someone on the digital agency side unless you want to lose money? So we keep that part of the business going because it's a necessary spoke in the wheel to drive our entire business model. Having said that, when we generate data from our own websites, which typically we like to keep those at 50 percent margin, but we generate data; the byproduct of those websites is the data that we're putting into our database, then those sales are 100 percent margin. And so it makes it -- it allows us the bandwidth to really dedicate the resources necessary to make sure the solution that we are providing is the best of all. And we also have a competitive advantage over other companies out there who are providing a data solution but don't own the data because they can't be as flexible as we can be, and frankly their cost structure is very different. Even when we provide data to Equifax, for example, some of that data is provided on a royalty basis. So they make a sale, they wind up giving 50 percent of that sale to us for having provided the data. When we're bidding against that same client, to the extent that we're using our own data and only our data, we can afford to buy a sale, if you will, by going lower because we don't have any preset minimums that we need to charge, like people who are selling data that they don't specifically own.

Adrian Bye: So it makes you more competitive?

Larry Organ: That makes us more competitive and so we feel that on the data side of our business not only do we know what we're doing, and we do it very well, but we have a price advantage based on the fact that we own the data that we're selling.

Adrian Bye: Fair enough. Did you see in the news just yesterday Blue Lithium was sold.

Larry Organ: What was sold?

Adrian Bye: Blue Lithium. Are you familiar with them?

Larry Organ: I'm familiar with them. No, I did not know they were sold.

Adrian Bye: Three hundred million dollar acquisition to Yahoo.

Larry Organ: Interesting, huh. I'll have to read about that.

Adrian Bye: And obviously it makes sense for Yahoo, because now they're going to be able to do their ad targeting much more efficiently with that. I'm interested in if you have any comments or thoughts on that. I mean obviously it's sort of targeting; it's along the lines of what you do in a different way.

Larry Organ: Right, interesting. I'm trying to think, I used to actually follow what technology they were using for their targeting. I know what Blue Lithium does, but I don't know them intimately so I'm not sure I have much intelligent to say about that other than I think it's certainly a direction that

Yahoo needs to go because if they can't maximize spend for their -- when company XYZ comes to me and says "We're going to spend, you know, \$100,000 on a test," it's incumbent upon Yahoo to make sure that they're spending that money as efficiently as they possibly can to maximize results for their client or they're going to go somewhere else. And I think to the extent that Blue Lithium will help them spend that money more effectively through different analytical tools, I think that Yahoo and the clients, quite frankly, win.

Adrian Bye: Yes. I mean it seems like a good deal. It means that Google is going to have a harder time competing with, in that sense -- the CPMs on Yahoo should just go up.

Larry Organ: You'd think so, but I think I said this in our last conversation and I'm going to say it again. I tell as many people to listen to me as they can -- as I can because -- and you can say that Larry said it too, way back when. I think Google eventually -- their competition is not Yahoo, their competition is the Yellow Pages. I think they're going to be Yellow Pages business and I think that's what it will be five years from now, and I would not be surprised if they actually even bought one of the Yellow Pages companies, because Google Local is where they make their most money. It's not the national targeting, it's the local targeting. That's why Yellow Pages has been so good for so many years.

Adrian Bye: And who will be Google's competitor in the Yellow Pages industry?

Larry Organ: It will be Yellow Pages themselves. I know there are several different -- AT&T owns Yellow Pages, for example. R.R. Donnelly owns Yellow Pages. And I think that they'll wind up buying one of those for the Yellow Pages, for the local sales reps and all the rest of it. But that to me is -- from what I see, from where I stand, that's where Google is going to expand. And again, this is Google's business, not my business, but that is the perfect application of their technology.

Adrian Bye: Targeting advertising to all of the small businesses all around the world.

Larry Organ: Correct, around the world, starting here in the U.S., which is where obviously they started, but through local advertising, that's correct. It just makes sense. Now they've already won the hearts and minds of everyone based on the quality of the results and now for them to increase their revenue I think they need to get more granular and that's the way to go after it. As an agency it will make our job more interesting too. So to the extent that we can make national advertisers appear local, that's great, and since we're doing it on a cost-plus basis, the more they spend, the better off we are as well.

Adrian Bye: But you'd only be working with the national advertisers in that case. I mean you can't work with that many small local advertisers at the same time, can you?

Larry Organ: No intention of it, but what I'm saying is we can take a national advertiser and make them appear local.

Adrian Bye: Right.

Larry Organ: As that is specifically for this market, I think that the advertising becomes more effective at that point.

Adrian Bye: Yes, makes sense. That's pretty much everything I can think of to ask you. I'm wondering if you have any comments that you'd like to make or any other things you'd like to tell us.

Larry Organ: No. I think the only thing I'd like to reemphasize is that we've talked about, you know, can you make more money back five, ten years ago, can you make more money today, and my answer to you was there is more money being spent online today, but I think that the playing field has become more level because it's become more mainstream, if you will. I do think -- I told you, I'm 47 years old and the next generation, if you will, I think is going to be not advertising through e-mail, it will be advertising through text messaging, and that's where I really hope and plan to bring ConsumerBase so that we're one of the main players in that market, because that's as far as I think I'll be able to take it; that is what is going to happen over the next two, five or ten years and I think that's going to be the next major shift or change in how technology affects advertising. I think that we're -- you know, it was off line, and off line were two separate and distinct annals before. Now we're bringing them closer together. Text messaging is not part of that group right now. I think you're going to see text messaging brought into that as well. And so all three mediums, if you will, are going to be working much closer together in the future and that's the direction of ConsumerBase I would hope.

Adrian Bye: So ConsumerBase could become a company very much focused around just text messaging.

Larry Organ: Not text messaging, but sending out very highly targeted advertising through text messaging, and again, we can't do that though if we don't have the websites capturing the data, if we don't have -- if we're not sending out e-mail to the data -- So think of it this way: We can capture your postal, e-mail and cell phone number. We send out a Reports2007 mailing to learn that you're interested in health insurance offers. We can then take that, information then sits in our database, and to the extent that you clicked on a health insurance offer through Reports2007 and a health insurance company comes to us and doesn't want to send a text message to people living in your state who are your age who have clicked on health insurance offers, we can send one directly to you and so that 00

Adrian Bye: So for the publishers listening, if they have a lot -- they're generating signups every day, this is something that you could build into their signup process?

Larry Organ: Absolutely. But built into signup process, but I believe the key to be successful and the key to selling to the people what they want to be selling to is capturing them correctly. And in that there is no legislation out there right now that tells you how you need to do it, like CannedSpam does

on the e-mail side, just make sure you have some sort of double opt-in process that you can say this is how we're doing it. Everyone knew they were going to be receiving emails -- or story text messages. To the extent they want to stop receiving them we've made it very easy for them and sort of apply the CannedSpam rules to text messaging and I think you can't go wrong.

Adrian Bye: Yes, that logically makes sense. So we talked about a number of different areas. What kinds of people do you want to have contacting you and for what kind of stuff?

Larry Organ: Oh, great question. Anyone who has -- who is in the data sales business right now and who wants to -- is looking for new opportunities should definitely contact us, number one. Number two, anyone, any company out there who has a brand, who has a product to sell, and is interested in testing text messaging should contact us. And anyone interested in generally using our digital agency service should contact us as well.

Adrian Bye: Cool. Okay, and then is there anything else you'd like to add in closing?

Larry Organ: No. Just it's been fun. Thank you very much. It's always great talking to you and I hope that you can get something started with a group of us who can get together and share some of our ideas across a table and see what relationships we can form.