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## Interview with Ryan Allis from iContact



**Adrian Bye:** Alright. I'm here today with Ryan Allis. Ryan is the 23-year-old owner and founder of iContact, which is the software that I use. Ryan is interesting because he's young and he knows about email and blog building. So, Ryan, do you want to go ahead and introduce yourself and tell us a bit about you?

**Ryan Allis:** Sure Adrian. I started in business when I was eleven, with one computer and one person working, I've been an entrepreneur for about 12 years now. So, I'm only 23 but I'm on my second decade of being an entrepreneur. I founded iContact in 2002. We were one of those first web-based marketing tools and we were the second largest e-mail marketing out there. One of the things we're really good at is getting e-mail to inboxes of recipients for about 99.9% inbox percentage. We are very, very easy to use e-mail marketing tools that offer surveys, auto-responders and blogs, as well as RSS feeds. Generally, we have much lower costs than our competitors. We got about 15,000

clients today, the majority of which are small business, a number of Fortune 500 companies are using iContact as their email builders, so, we're very focused on building this public company over the next couple of years in the United States, and we're kind of 75% there. That's where we are today.

**Adrian Bye:** You want to build a public company? How really big can an e-mail company like yours will get?

**Ryan Allis:** Sure. Well, sort of we're the number two in the space, we're the number one competitor currently of Constant Contact, which focuses on the well-end of the market with the SMEs; and 145,000 customers and they went public on the NASDAQ about one month ago. So, we think it's very realistic and reasonable that we'll get support in the sales market in the next two-three years and be able to go public ourselves.

**Adrian Bye:** I'm just kind of looking it up right now. You know what their market cut is?

**Ryan Allis:** Sure. It's about 650 million dollars.

**Adrian Bye:** Constant Contact is worth 650 million dollars?

**Ryan Allis:** Yes.

**Adrian Bye:** Really? Top price at \$22. Ticker symbol is CTCT. Let's look it up in Google Finance. That will show the market capital, there's nothing calculated on Yahoo!. \$640.8 million. Wow! That's a serious size! So, their revenues are in the...

**Ryan Allis:** I know in this year about \$50 million in revenue and they're being valued about 12-13 times current year record.

**Adrian Bye:** They're doing 50 million dollars, did you say?

**Ryan Allis:** Yes.

**Adrian Bye:** How long do you think it will take before you guys are in the same sort of size of these guys?

**Ryan Allis:** Well, if you look at the \$50 million in annual revenue mark, we'd have to be there in about less than 36 months.

**Adrian Bye:** Alright. I've seen Constant Contact for a while, I didn't think they were that sort of size!

**Ryan Allis:** Yes. There's a number of good entrepreneurial marketing space in terms of the SMV email marketing space, sort of Constant Contact makes the clutter abnormal.

**Adrian Bye:** So, to ask you a little bit about one of the other players that I'm telling within the space which is AWeber, could AWeber be going public like Constant Contact has?

**Ryan Allis:** I'm not sure about that. I'm not sure what their goals are. I don't know if anybody's investing capital there, that they're trying to sell the company or have liquidity event. If they could get their revenues to sort of \$30-40 million, that certainly might be a possibility for them.

**Adrian Bye:** Do you think Aweber...

**Ryan Allis:** They're much smaller in size compared to us and in terms of number of employees. I'm not sure if they publish what their revenues are. I'm actually not sure how they are doing currently.



**Adrian Bye:** You don't think they're in the \$20-50 million range?

**Ryan Allis:** Oh, I'm pretty sure they're not.

**Adrian Bye:** Oh, okay.

**Ryan Allis:** As far as I know, we're larger than them by a factor of 2.

**Adrian Bye:** Alright, okay. What about compared to the big players like say ExactTarget?

**Ryan Allis:** Sure. ExactTarget is actually probably about \$30-35 million annual revenue and they are looking to go public in the next two or three months actually. They don't compete against us. They're Constant Contact and therefore means they're more in the same price market. So, if you want to go out and pay \$5,000

or \$10,000 minimum at an entry level, we're on a much higher CPM for hire. If you want more content or more or advanced features like that, you would use ExactTarget.

**Adrian Bye:** So, in your case, you're both doing e-mail, you're getting e-mail through to customers, but a company like ExactTarget is almost basically irrelevant?

**Ryan Allis:** In terms of small business market, our price starts at \$10 a month. I don't know what ExactTarget starts at, it's probably more like \$1,500 minimum or like \$2,000 to \$3,000 minimum. But in terms of being a deliverability engine and getting messages through the inbox of the recipient, that's something, we're very, very good at, as well as providing the auto-responder functionality and it's ease of use.

**Adrian Bye:** Alright, okay. Would you suggest then that...let me make sure I understand this. I'm stunned by the size of Constant Contact because I have seen that they were just another small company and you're showing me that...they're not huge but they're starting to become a decent size. That's real, I didn't expect that.

**Ryan Allis:** Yes. They've raised \$38 million over the past 10 years. So, they've been around quite a while.

**Adrian Bye:** Where did all the customers come from?



**Ryan Allis:** There are 24 million small businesses in the United States and maybe they've got a 145,000. So, they have a pretty good customer acquisition model for advertising, as well as off-line advertising.

**Adrian Bye:** They're just advertising all over the place, acquiring customers and getting sign ups...the usual style? I just haven't seen their presence around that strongly. I didn't know that size. I guess industry in the market.

**Ryan Allis:** Yes. They're not really too late of a player in the internet marketing industry. So, that maybe one reason why you might not have heard of them too much and a lot of people that want to do a lot of e-mails, let's say more than 25,000 e-mails would probably not use Constant Contact because they're very focused on the low-end of the market.

**Adrian Bye:** Alright. So, what would you say to differentiate how you're different to those types?

**Ryan Allis:** Sure. Number of ways. Number one we're, we have much better deliverability. As far as the statistics publish it at 97% inbox delivery. We have third party audited deliverability that too much had 100.0% inbox deliverability in this past test last week and it's 99.9% inbox delivery. So, we focused a lot on deliverability. Our prices at the entry level start at \$10 a month, whereas in their product, if you include surveying and you include their other type feature which will include the free as a part of our product starts at

\$27 a month. So, we're considerably cheaper at the low-end, as well as at every level that they have. We offer an auto-responder service which they do not. We offer list segmentation. We have more templates and we feel that our software is easier keeping these and a better user interface. So, those are just some of the differentiating factors between us.

**Adrian Bye:** I can tell you when I was evaluating just for what to use for my stuff, one of my key things was being able to import lists and then there's a couple of other feature as well. I have one of my developers look into it and I know we evaluated Constant Contact and we stayed with iContact, we moved to iContact.

**Ryan Allis:** Yes. I think for anyone that's spending a high-volume in e-mail, you probably would find their servers a little bit better.

**Adrian Bye:** For high-volume, you mean for Constant Contact?

**Ryan Allis:** Yes. They very much focus on someone that might be setting out 500 e-mails, 1000 e-mails, 2,000 e-mails a month, that type of thing.

**Adrian Bye:** Right. Well, that's about the volume...my list are fairly small for some of the stuff I'm doing. I don't have a gigantic list. I have others in other market to that, not to this list that I'm managing here, it's a small list that, it's a very targeted list. Since I want to make sure that I'm getting every single e-mail through and there's no problems and all that sort of stuff.

**Ryan Allis:** In terms of importing, you look at another one of our competitors, AWeber, or as you mentioned them, one of the things they require is that you have to re-double opt in your list every time you upload it. That's not a requirement with us. So, that's been something that's benefiting us in terms of paying customers over for us from AWeber.

**Adrian Bye:** Yes. I don't understand how I will do that. We talked a little bit offline about that. Do you want to talk about a little bit about how that works, and why you actually have to do that still get your mail through?

**Ryan Allis:** Sure. We have started five years ago with a tremendous focus on deliverability. What we created, that's something called the pre-emptive spam protection program, which is a number of algorithms and technical programs. But at its core, what we're able to do is when you upload a list, we're able to track it, it gets calmly harvested to the traffic, to determine if it is a harvest list – yes, get through the recipient and when it's sent, every message that's sent to more than a thousand recipients, we have a human manual review within five minutes. So, if your message is being sent out, it's a Viagra promotion, we will stop that, it will never go out. So we're able to stop very large majority of anything that even seems to be potentially unsolicited e-mail before it goes out, which has allowed us to maintain very good relationships with the ISPs and have complete full inbox delivery.

**Adrian Bye:** I remember seeing this but not understanding like why I'd send an e-mail and it would take a while to go out and all those services I've used, it might take a little while. I understood that that was just because I'm being queued by the mail server and with like that, it's okay. But you do want the mail to go out fairly soon and I found that confusing like it's being queued...I remember seeing something like it's being queued to be reviewed. Someone on support told me that and I didn't understand. I was like, "What is this?"

You have to review my e-mail before it goes out?" So I find this insulting. But now when you explain it this way, it makes a whole lot of sense! You built your business model around that in a large part, I would suggest. Is that correct?

**Ryan Allis:** Absolutely. We've sped up the process and we're sort of outsourced it so that we can do the reviews, I think something like 99% of the time and under five minutes. It's something that won't affect your speed, but will allow you to get very good deliverability.

**Adrian Bye:** Yes. That's what I'm noticing now, is that the reviews are quick. Do you build reputation up for customers in the case like mine where I've been sending them my list, fairly reliably over a period of time. Do you remove that review, would you still keep it in place?



**Ryan Allis:** Absolutely. We have a higher threshold the longer we've been here. We've been here in less than two months we review it, if you're sending to this number of people here in more than two months and that number goes higher at any point in time. If you request to not be reviewed, we'll take off your recent sending history and your complaint why you're making that so you don't have to be reviewed.

**Adrian Bye:** You've always just spent a lot of time in deliverability. I'm interested in your opinion of reputation management. I'm talking about guys like Habeas, sender certified, and I forget the name of the other one.

**Ryan Allis:** For the most part...

**Adrian Bye:** Oh, ISIPT is the name.

**Ryan Allis:** Oh, okay. For the most part, sender certification, it's been called quite a number of different things. It is generally what you need to do if you aren't using a third party ESP that has good deliverability. If you are a financial institution, you're a bank and you want to certify your e-mail, we can pay a special extra cost per e-

mail to have your e-mail certified, so that the images show up and you have special certification when the message is picked in the inbox. But for the large majority, senders, it's just something that's not required. If you're trying to build the infrastructure yourself, which will take money and time to unlock and develop those relationships with those ISPs, sender certification is sort of a way to help with that. But you really don't need it.

**Adrian Bye:** So it does add value there in those instances. Let's say that you're not someone where your main focus is e-mail but it is important to what you do, then the reputation management, they go in and basically

help facilitate those relationships, they go along and say Hotmail, AOL, “Yes, this guy is a good guy and you should listen to him.” Is that basically what you're saying?

**Ryan Allis:** As far as I'm aware, it's more an automated service, something's that's appended to the header of the e-mail, sort of it can authenticate that it is from a certified sender that's posted upon. There are services like return path instead of veracity, however, that will do what you said, which is help you as someone trying to build your own sending infrastructure in your own IPs, build up relationships, with agreements feedback list with the ISP.

The problem that one rides into is unless you're sending a noticeable volume, which is 50 million e-mails per month or higher, probably even more than a hundred million, people at the ISPs are not going to take it seriously. So, it's almost easier if you just pay an ESP e-mail service provider, that has already spent the time and the investment to get those ISP and IP relationships setup. It's the feedback loops that really take a long time to setup that is extremely valuable with the way back speed.

**Adrian Bye:** Well, I'll give you an example. Let's say [www.Tags.com](http://www.Tags.com), the social networking website. They're devouring that process, they're bringing in 300,000 new users a day and they're all through e-mail invites. They use services like...I think they use both Habeas and SendaScore to manage their reputation management. So, it's a good fit for a company like that, instead of going out working directly with all of Hotmail, AOL and everyone directly.

**Ryan Allis:** Sure.

**Adrian Bye:** Or are you suggesting even in the case like these, that they don't really need to do that? That makes more sense than to just go with them directly?

**Ryan Allis:** It sounds like what they've done is they've created their own transactional e-mail sending engine that sends about 10 million e-mails a month. So if you're trying to manage your own e-mail sending application in your own back-end, then sender certification authentication can be valuable, in my opinion. If you're trying to send out marketing messages to recipients, it generally is just a lot easier to use an e-mail sending provider that's already has this relationships present rather than trying to set it up for yourself.

**Adrian Bye:** Sure, I understand that. We have people with all sorts of different backgrounds listening. So, it's useful to understand it's for different cases. What I'm really trying to understand here is your thoughts on the reputation management itself, because I've talked quite a bit with Anne Mitchell from ISIPT and she has explained how they will go over every IP address that you're going to be sending mail from, they'll have a set of review of exactly what that IP address is being used for. This kind of e-mail and this is where the source came from and it's single opt in, this has happened to it and so on. So, obviously, hopefully, a lot of it's concerned to opt in. But at least it's clear where it's being used, so when the questions come back...let's say Hotmail has questions about it, it's referred to ISIPT who already has a review already done and they forge things more smoothly. That's the protest I'm interested in understanding your thoughts on whether there's value there or do you think it's just better doing that direct?

**Ryan Allis:** If you're sending out transactional e-mail, in other words, “Thanks for signing up for our software program” or something that tagged you to the welcome their new member to their network, that in that case I

think it can do valuable. If you're trying to send out marketing e-mails, the cost of using authentication servers and having to set up the IP relationships yourself anyway for the most part I think it just makes sense if you stick with the ESP. We've never used sender authentication services because we don't have to, because we already have all the relationships setup and automated. It's something you would need to pay for if you don't have this relationship set up if you want to do the e-mail yourself.

**Adrian Bye:** If you're doing some kind of an application which is something that doesn't fit into iContact, that's what I'm referring to in this instance.

**Ryan Allis:** Right. If you're doing sort of non-marketing e-mail at a very high volume of more than 50 million a month, then that would probably make sense.

**Adrian Bye:** Alright. There's no time and engine out there to handle all that stuff for you. You have to do it yourself and then just use a reputation management, they'll get it through. Is that correct?

**Ryan Allis:** Yes. You can use the open source tools like Post Fix and Send Mail that can do some of that. There are application boxes like Strong Mail and Message Systems that can allow you to set up some of that but you still need to set up the relationships, but the Habeas will turn out sender scores and those types in order to be able to do that.



**Adrian Bye:** Actually the founder of Strong Mail was at the cocktail the other night.

**Ryan Allis:** Oh, good.

**Adrian Bye:** Alright. In your case, in the beginning, how did you start making sure your mail was getting delivered? You're iContact, right now, you're a decent size. Back then you weren't. How did you get your mail in?

**Ryan Allis:** Sure. It's interesting because it wasn't as...when you're only sending a small amount of e-mail, you're not really on the radar screen. Then when you sort of get to that two, three million, four million a month which obviously gets you pretty quickly. Then you start to have to setup the feedback loops in the relationships. We've certainly been all we have sophisticated systems as we have now. I think in some cases, our delivery wasn't as good in the past as it is now, that's certainly the case. So, we've evolved, we've earned and unfortunately, we have five years of experience now in getting 400 to 500 million e-mails a month through to the inbox of recipients, and we're able to provide that at some cost. It's very easily and cheaply distributed to the 16,000 customers that we have.

**Adrian Bye:** I'm sorry. Do you have stats like you watch in the morning or during the day like what your deliverability is?

**Ryan Allis:** We check for deliverability once a month. We have a third-party firm and we have full-time deliverability, vice president ISP relations person that monitors that constantly through our network operation center.

**Adrian Bye:** That's been enough? You get a report back once a month and you said you're in the 99 percentage? You're 99% of getting through?

**Ryan Allis:** That's right. Yes.

**Adrian Bye:** You would attribute that mainly to keeping your IPs clean and maintain those relationships? But in the review process, you are getting the mail check before it's sent?

**Ryan Allis:** Yes. It's the ability to tag anyone that's importing harvest to the list, the ability to see content before it goes out and stop it if it looks like spam and the feedback loop. So if anyone does get complaints which does happen, of course, instead of them blocking our IPs, they report those complaints back to us, so we aggregate them and then we're able to say this person got this percentage of complaints. If it goes over our acceptable ratio that we've internally established, then we can ask them to do things like double-opt in their list, and even best practices steps to improve their sign up form, and those types of things.

**Adrian Bye:** Have you patented this process of having your mails reviewed before they go out?

**Ryan Allis:** No. We did not. In the fast moving world of web-based software, trying to get a patent 30 years from now might be irrelevant. It's something we might look at in the future. That's an interesting idea.

**Adrian Bye:** It seems to me like one of the more important things on your services are being having the mail checked before it goes out.

**Ryan Allis:** Yes. I would agree that's been very beneficial for our customer's delivery.

**Adrian Bye:** Alright. How do you find working with Ashley?. Just back on to getting the mail delivered. They're a consulting firm to help you get your e-mail delivered, right?

**Ryan Allis:** Right. They've got an automated testing service that costs \$129 to get a list into a mailbox, with 2 or 3 deliveries; they check you non-delivery percentages are; that is just what we do on a monthly basis for the test. But the ISP representative once they build up enough trust with you and they know your volume, it's sufficient enough, they'll open the door for you. It's almost like a secret network that you have to join the message anti abuse group, the ESPC, the EEC. Eventually, if you get in with the right people, you see enough people time and time again, they're going to trust you and if your volume's high enough, they'll let you in, and set up the feedback loops so that you can manage compliance yourself instead of them shutting you down.

**Adrian Bye:** So it's like the secret decoding. There's a secret circle of e-mail people and you've been allowed into that e-mail circle and then you can get all your mail through?

**Ryan Allis:** That's absolutely the case. Pretty much anyone that has a good reputation that is not getting high level of complaints, that is sending more in a 100 million e-mails a month can get in there as well if they join the right organization that I mentioned. But if you're sending less a 100 million e-mails per month, for the expense, it is better to just join an ESP that already has those relationships set up.



**Adrian Bye:** So, it is very much reputation-driven. You got to know the right people and prove the way and then they allow you in, and that works with you. Is that right?

**Ryan Allis:** That's absolutely the case, yes.

**Adrian Bye:** Do you know these people personally or is it just the things relationships have evolved over time electronically?

**Ryan Allis:** Actually, the people I know personally have previous relations. For a while, I have spent time with their kids, and sends them gift boxes, and meet them in conferences three times a year and all that good stuff.

**Adrian Bye:** Okay. So you do know them quite well personally?

**Ryan Allis:** You try to because they're very powerful people.

**Adrian Bye:** I guess a lot of other people want their time as well?

**Ryan Allis:** Very, very true.

**Adrian Bye:** Can you talk about one of those people?. Let's say you don't have to name a company, one of these guys, one of these major companies...what are these people doing all day? Let's say Hotmail, they're deciding who gets in the Hotmail or who doesn't?



**Ryan Allis:** Right. If you obviously spend a huge issue, the big ISPs like AOL, EarthLink, Hotmail, Gmail, the big e-mail service providers and all the IPs, they went on this big ambitious mission maybe five or six years ago to stop all the spam and some of that, you start to get a lot of positive. So they were stopping a lot of mail that was supposed to get through, and that created just as much discontent among their customers as the spam. What they tried to start doing for four years was establishing relationships within high volume, legitimate senders of e-mail, so they could make sure of the legitimate senders of e-mail got through while they were still blocking the spammers that didn't have those relationships that weren't sending high volumes of legitimate e-mail.

They're stressful people that are hired to build relationships and to determine who were the legitimate sender, who's not a legitimate sender based on thousands of percentages as well as complaint ratios, and whether or not you come from a company that has e-mail that is permission-based, of course. Eventually, you get into the club once they get to know you. The first call to AOL technical support four and a half years ago, the first guy on the first message blog, you don't get anywhere at all. Eventually you get through to the right person by getting introduced to that person. But there's no way you can get escalated

to them. You have to get introduced to them. Eventually, you'll get introduced to the right people and you can get the relationship set up to make sure the deliverability is good.

**Adrian Bye:** So, at this point now, is your mail delivered by default into AOL?

**Ryan Allis:** Yes. Our mail is delivered into the inbox at AOL. We have a daily metric all-day complaint ratio. As long as that complaint ratio remains below the acceptable limit, we'll continue to be on their enhanced senders list.

**Adrian Bye:** You're an enhanced sender always into AOL?

**Ryan Allis:** That's correct. Yes.

**Adrian Bye:** Because at the other end, AOL basically wants your mail, don't they?

**Ryan Allis:** Yes, exactly. It's their customers that wants to receive our mail as long as that remains the case, we'll continue to get the mail through.

**Adrian Bye:** As long as you guys are checking the mail before it's sent out all the time, that's going to keep maintaining the balance, that's going to work.

**Ryan Allis:** That's correct. Yes.

**Adrian Bye:** Those are really interesting. Let's say problems start to escalate at AOL, does that happen very often and how are you able to resolve that sort of thing?

**Ryan Allis:** Sure. Probably two to three years ago, we ran into this trouble where we couldn't get messages through to AOL at all. We're getting into the junk mailbox for about a week and half period. Obviously, that became a major issue for our customers. We got onto the phone and tried to get to the right people and eventually we realized we just had to get introduced by paying the right people or return path money to consult with us so that we could get respect, reputation and get introduced to the right people. That's what we ended up doing. Now, our volume is sort of such a high level and it's very unlikely that one customer could slip through our protective measures and cause a blip. From time to time, there might be some unacceptable ratio, as long as you're trailing 90-day average below the ratio, and they give us the sales.

**Adrian Bye:** Is it hard for you to stay under this ratios?

**Ryan Allis:** It's hard to get under the ratios. You have to have the right system of stopping people who send out messages that are going to get complaints. We've been able to develop automated systems to stop people for sending it. If they are owning their complaint ratio, we find out why and ask them to double opt in their list etc., etc. But it is at the customer issue. I actually could not tell anyone, but at the certain number of e-mails per thousand that you can get a complaint on. If it's above that for any extended period of time, the messages will not get through to these recipients.

**Adrian Bye:** Is that the same with Hotmail, Yahoo and Gmail as well?

**Ryan Allis:** Yes. Everyone has their own ratio and ratios are sometimes algorithms based on spam complaints as well as bounced percentages, as well as the number of e-mails that you send which are e-mailed to

addresses that no longer exist. As long as you have their existence in place, the ratio of complaints, as well as automatically managing your bounces, which is why it's really important to have a system that automatically manages these bounces and automatically choosing to be unsubscribed, so we're cutting it through.

**Adrian Bye:** Okay. What I've noticed...let me ask you this question. I will not tell you Adrian's great idea on spam filtering, how to reduce false pulses. Tell me if you think I'm crazy or not.

**Ryan Allis:** Sure.

**Adrian Bye:** I use Google applications and effectively Gmail. I get a spam, I always got maybe 70-80 messages a day and suddenly in the last two weeks, I'm now getting 500-1000 spams a day which is kind of annoying. But Google does a really good job putting them into the spam folder. What I certainly found is that I can't filter them all. I use to go through and just check it everyday also to make sure that I was not deleting any real mail. It's got to the volume load that I can't. So, I'm now using Google's...and it's not properly built in there but you can set tags...basically they tagged a spam and I'm now searching those with certain keyword such as my name, names of business things that I'm working on to search for spam so that to see if there's any mail that's relevant to me that's in there. If there is, I pull it out and put it in the inbox. But I'm surprised that Gmail doesn't do that automatically and I'm wondering what your thoughts would be if that's something that would be valuable to end-users where they could set keywords on things that are important, so that it automatically gets pulled out of the spam folder.

**Ryan Allis:** I like that idea; I think it's very good and would certainly encourage Gmail to twist that in and do that. You can set up Outlook to automatically do things like that through their filter system and what Google or Gmail need is they filter system so you can set up some business rules to where the messages go in based on what the topics and then what keywords found in them.

**Adrian Bye:** Actually, they do have the ability to create filters. I guess maybe I can already do that with Gmail where I could just create a filter that it just searches for keyword somewhere in the web and make sure it doesn't go to the spam. Maybe that will help eliminate false positives and then I don't even need to check. You helped solve me a little productivity issue. Thank you!

**Ryan Allis:** Well, good.

**Adrian Bye:** Well, they should make that little more obvious. Very cool. Okay.

Do you want to just tell us some more about your services and what you're looking for, and how people can help you because you've proven your knowledge of deliverability in this call. There's a lot of people from different perspective that are going to be reading this



and listening to this. How are you able to help people? Are you able to help people to have a little tiny list or are you able to help people have big gigantic list? Who are you looking to talk to?

**Ryan Allis:** Sure. Our specialty is being able to send out lots and lots of e-mails very quickly and get inbox deliveries. While the large majority of our customers are small businesses less than 10,000 person list. We've got people that are out there sending 5,000,000 e-mails a day and everything in between. So, we want you to work with everybody, by sending out permission-based e-mails. Now, everything has to be often, so people have to request to receive it. Do not do third party opt-list, do not do purchase list. But if you have a list of people who have requested to receive your content, regardless the number of people on it, iContacts is the really efficient way of managing that list.

**Adrian Bye:** Let me just ask a question then. How does car registration fit into that? I'm talking not pre-checked, I'm talking when I use a check box to opt in. Can you handle list like that?

**Ryan Allis:** As long as it is unchecked and the user is taking the physical action of taking the box to opt in to that message, then that is okay..

**Adrian Bye:** Okay. So, as long as their doing that kind of stuff, basically any list size is okay for you?

**Ryan Allis:** Yes, that's correct. Our published prize goes up to a hundred thousand subscribers. So if you have a hundred thousand subscribers that would cost you \$699 a month, if above that we go on a CPM basis. Somewhere ranging between \$2.50 and \$3.50 per thousand emails. These are standard pricing depending on the volume that you're sending.

**Adrian Bye:** For someone that's sending offers to a list or something like that, are they able to make money?

**Ryan Allis:** Well, if you're not, your offers aren't very good. If you're spending \$2.50 per thousand e-mail, hopefully, their offer is good enough that you're making that back. E-mails tended to be probably the most effective way of getting return on an investment from a marketing message online. If you compare the cost per click or organic search cost or any other web marketing online, interad, etc. If you're communicating with the existing customer list or someone that has expressed interest in what you're sending...our average customers uses tremendous amount of return. They might spend \$300 or \$400 to send out a list 50,000-60,000 people, they can usually make \$10,000, \$20,000, \$30,000 of revenue with \$300-\$400 spent.

**Adrian Bye:** Let's say I've been selling a product in the past, a weight loss product. I've got a list of one or two million buyers, it hasn't been active for two or three years and I want to do something with the list, can I take that list and upload that into iContact and start mailing to it?

**Ryan Allis:** We would highly recommend that you double opt it in before you do. If you have been in touch with the people on your list in the last 6 months it's already considered a dead list but it's no longer an opt-in list for our definition. So we would request that you would double opt in any list that you haven't sent to in six months before you send that out. If you don't that's fine and that's up to you. But if that ends up generating complaints that are over our the amount of threshold, you can be certain we will be in touch very, very quickly.

**Adrian Bye:** Okay. If I were to clean off the complaints and all that kind of stuff like mail or somewhere else first, then find out where the issues out and then bring the rest of the list into your system, then that would be fun.

**Ryan Allis:** Yes. You could mail it somewhere else first and bring the rest into our system, or you could send out a double opt in request using our system to those people, the people that still want to know obviously would confirm their subscriptions.

**Adrian Bye:** Yes. We both know that doing that kind of thing is the most desirable approach.

**Ryan Allis:** Well, all we have to challenge there, you will end up with probably a list maybe 20%-25% the size of the original list. But the quality of that list will be much higher, the response will be much higher to opt in. If you get people that are more qualified, you can send offers that are much more target, sometimes make more than you put on the list four times its size.

I do agree with you that when you double opt in your list, you often lose a number of people on it. So, I don't recommend doing that unless you have not been in touch for quite some time.

**Adrian Bye:** You said that when you do a double opt in, you see between 5%-25% are the numbers at stake?

**Ryan Allis:** Oh, no. Usually about 25%.

**Adrian Bye:** 25% of them.

**Ryan Allis:** 20%-25%

**Adrian Bye:** 20%-25%? Alright.

**Ryan Allis:** If the relationship is recent, it could be as high as 50%-60%.

**Adrian Bye:** Alright.

**Ryan Allis:** But if it's been a while, you're going to get more into 20%-25%.

**Adrian Bye:** Cool! Anything else you want to add in closing?

**Ryan Allis:** No! I very much enjoyed the call and I'm very much focused on building iContact into a big public company in creating lots of jobs here in North Carolina in the next couple of years. So, if anyone on the call is interested in talking about venture capital or building a public company, or advertising online, or e-mail marketing, please feel free to contact me. And we'll look forward to continue working with you Adrian and everyone else.

**Adrian Bye:** Very good! Thank you very much!



**Ryan Allis:** Alright!