



April 14, 2010

Federal Trade Commission
Office of the Secretary, Donald S. Clark
Room H-135 (Annex P2)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Privacy Roundtables – Comment, Project No. P095416

Dear Secretary Clark:

BlueKai is pleased to submit these Comments to the Federal Trade Commission in connection with the Commission’s “Exploring Privacy” roundtable series. BlueKai also appreciated the opportunity to appear on the online behavioral advertising panel during the Commission’s first roundtable, held in Washington, DC on December 7, 2009. We submit these written comments to further describe our online business discussed at that panel. As stated during that event, BlueKai believes that transparency is the most important step to empowering consumers. We therefore propose that the Commission should make transparency the focus of any new guidance or regulation that may be issued based on the roundtable series. We further suggest that the Commission should take care not to restrain innovation with inflexible requirements, but should ensure that companies have the latitude to provide transparency in a manner tailored to their businesses.

I. BlueKai’s Vision and Services

BlueKai’s vision is to promote polite marketing on the Internet. To this end, BlueKai provides innovative and consumer-friendly services that allow websites to tap into vital advertising revenue efficiently. BlueKai partners with websites to collect anonymous information about visitors’ behaviors and interests, called “preference data.” BlueKai also offers tools, detailed below, for consumers to see and change the preference data stored for a specific computer or to opt out of the system entirely. For each computer that has not opted out, advertisers use the preference data gathered from websites and consumers to deliver messages relevant to the interests associated with that computer. BlueKai only shares preference data related to shopping or reading interests; we do not share data that consumers may consider sensitive, such as health data, political interests, or adult behavior.

II. Targeted Advertising Benefits Consumers

Targeting services such as BlueKai provide significant benefits to consumers as well as online businesses. Given that advertising is a feature of almost all websites, targeting ensures that consumers are shown advertising that is more relevant and interesting to them. Targeted advertising revenues are also the most efficient way to support the free content and services that consumers have come to expect. Websites routinely rely on a network of third party service providers, advertisers, and ad agencies to deliver such advertising according to the website’s specifications. BlueKai’s role as a

liaison between websites and advertisers is therefore typical of the interdependent nature of today's Internet. This type of collaboration promotes competition, innovation, and efficient specialization.

BlueKai believes that our approach to collaborative ad targeting is not a threat to individual privacy. Businesses have little incentive to share data beyond the minimum required to perform a service, and frequently place contractual restrictions on data use. Moreover, targeted advertising generally relies on anonymous data that does not present a privacy threat. Most targeting, including BlueKai's services, is based on general preference categories derived from the activity on a specific computer.

III. Transparency Is the Key to Accountability

In connection with the third roundtable held on March 17, 2010, the Commission has solicited comments on how best to achieve accountability for commercial handling of consumer data. BlueKai strongly believes that transparency is the key to accountability, and that any new guidance or regulation on Internet privacy should focus on promoting transparency. Because some data providers provide demographic data or other data that comes from offline sources, we believe that transparency is an even more important requirement.

BlueKai generally agrees with the Commission that consumer confidence in the Internet is necessary for continued growth and innovation. BlueKai believes that being transparent about data collection and use is both fair to consumers and the best way to demystify these practices. Providing clear, complete, and useful information about targeted advertising will help consumers to feel comfortable with this routine activity. Transparency is also a necessary first step to allow consumers to make informed choices about whether and how their data is handled.

IV. BlueKai's Enhanced Transparency Practices

BlueKai is committed to consumer privacy. At BlueKai, we are transparent not only about our data practices, but also about the information that we collect. We believe that our privacy practices are one example of how businesses can promote transparency with innovative tools.

Our website (<http://www.bluekai.com>) includes a prominent section for consumers that explains how BlueKai works and the choices we offer to consumers (see Figure 1). In connection with these explanations, consumers have full access to their anonymous preferences stored in the BlueKai Registry (<http://tags.bluekai.com/registry>) (see Figure 2). When a consumer visits our Registry, it displays a list of the broad interest categories that are associated with the computer from which the Registry is accessed. Consumers can remove preferences that do not interest them or add dormant preferences back to the list. BlueKai has also worked with partner websites to allow them to offer the same type of transparency and choice through registries on their own websites.

BlueKai returns value to the consumer. For each computer that participates in the BlueKai Registry, BlueKai will donate a percentage of the revenue generated from that computer's input to a charity of the computer user's choice.

BlueKai's experience has been that consumers who visit our Registry and other tools generally interact with them in nuanced ways rather than merely opting in or out. A significant proportion of consumers who visit our website choose to continue participating in the BlueKai service, but alter their preference data so that it better reflects their interests. For example, projecting a typical month by using a sample extracted from four representative days in April 2010, several thousand individuals visited the Registry and opt-out pages. Twenty-five percent of the visitors edited their preferences and opted in to our charity contribution feature. On the other hand, only 3% of the visitors opted out of the service. Seventy-two percent of the visitors did neither (they are allowed to view their data preferences without having to opt in or out). BlueKai's experience demonstrates that consumers value the ability to understand and influence data practices that pertain to them, and also that many consumers are comfortable with targeted advertising once it is made transparent.

V. BlueKai Durable Opt-out

BlueKai shares the Commission's concern that opt-out preferences stored in cookies may be lost, such as when a consumer deletes all cookies or switches browsers. BlueKai has therefore developed Ahi, an open-source solution to create durable opt-outs. BlueKai is now working with industry partners to promote the adoption of Ahi. Currently, consumers can opt out of BlueKai's services either through our own website or through the Network Advertising Initiative.

VI. Conclusion

BlueKai believes that enhanced transparency features help consumers to understand targeted advertising, recognize its benefits, and feel confident about their privacy. Our experience confirms that consumers have diverse and varied privacy preferences, and that transparency empowers consumers to make meaningful choices.

Thus, BlueKai suggests that the Federal Trade Commission should focus on promoting transparency when developing any new guidance or regulation in the wake of the roundtable series. We further recommend that the Commission encourage companies to develop creative and robust ways of providing transparency, rather than adopting rigid requirements that may constrain innovation.

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BlueKai appreciates the opportunity to submit these comments to the Federal Trade Commission. If you have any questions, please contact 425-452-9200.

Sincerely,

Omar Tawakol
Chief Executive Officer
BlueKai

Figure 1. BlueKai Consumer Information Page

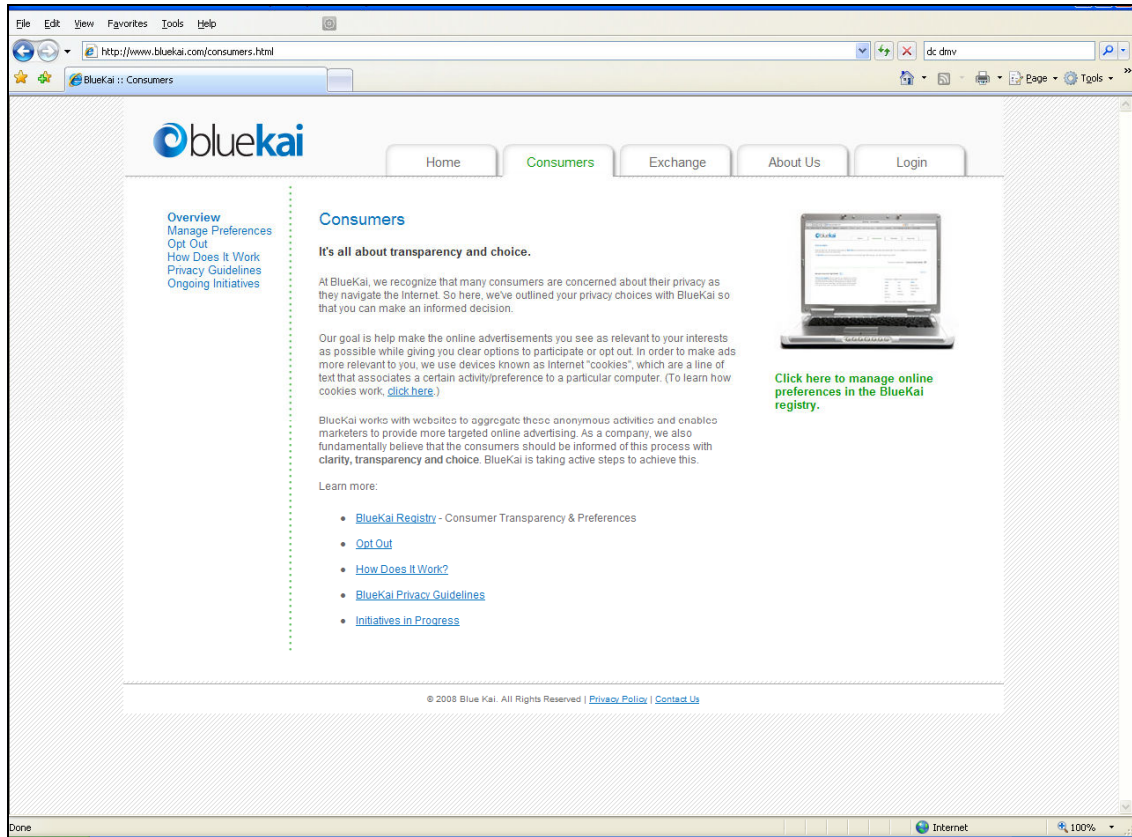


Figure 2. Example of BlueKai Registry

