

TESTIMONY BEFORE THE
SUBCOMMITTEE ON REGULATIONS, HEALTHCARE AND TRADE
HEARING ON "THE IMPACT OF ONLINE ADVERTISING ON SMALL FIRMS"
SMALL BUSINESS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
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BY
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Chairman Gonzalez, Ranking Member Westmoreland, and members of the Subcommittee – thank you very much for inviting me to testify on the impact of online advertising on small firms. I am the Founder and Chief Executive Officer of AgencyNet Interactive, Inc. I have 14 years of experience producing strategic Digital campaigns, content, and marketing initiatives for start-up companies, small businesses, medium-sized business, and some of the world’s most recognized corporations. As the CEO of AgencyNet, I chart our overall strategic vision and growth plans, run high level client and partner relationships, and oversee our 8 person Executive team.

I started AgencyNet in 1994 as a single person company managing a team of global freelancers and since shepherded its’ evolution to the 50 person agency with offices in New York City and Florida that it is today. As such, I have a unique insight into the marketplace and its’ effects on businesses of all sizes in America. I have also witnessed and withstood the ‘Dot.com bubble’ at the turn of the millennium, as well as the thousands upon thousands of technical and communication driven innovations that have changed the way consumers and brands interact and commerce is exchanged.

I have attached a copy of my full Biography for additional information on my background and career.

I'd like to take this opportunity to articulate to the Subcommittee my personal opinion on some issues relating to potential government regulations within the Digital ecosystem:

1. Search engine dominance:

I assume with the Yahoo, Microsoft, and Google discussions ongoing the Subcommittee has a particular interest in this topic. It is my opinion that Google has achieved a dominant position in the Search marketplace by creating a culture of innovation and maintaining core market intelligence. Their search engine, coupled with their simplistic and consumer-focused user experience is superior to anything in the marketplace. Their arsenal of web-based tools are far reaching (well beyond Search) and are of a high quality, consistently improving, and often times free to consumers. They have consistently hired some of the most intellectual and forward thinking engineers and technologists in the industry and that collective intellect has empowered them to their market-leading position. Their technology empowers companies of all sizes, especially small firms to engage, operate and prosper in this marketplace.

While their potential allegiance with Yahoo will surely advance Google's dominance within the Search arena, it does not ensure that they will utilize that advantage to control pricing structures or gain an unfair market advantage. Until something is proven to the contrary, I would personally deem any governmental obstruction as premature. With today's economic state, America needs innovative and astute corporations to support a dynamic and fast changing global economy and to date, Google has proven to me that it will not rest on its laurels.

It is important to note that neither I, nor my company, have a prior working relationship with Google. My testimony is from a personal perspective as a user of their products and knowledge of their reputation within the industry.

2. Privacy:

The Digital medium, while limitless in terms of interactivity, entertainment / educational value, presents inherent privacy concerns that can be directly attributed to what makes it an extraordinary communication platform in the first place: two-way data flow.

I believe the government should continue to do its part to protect the privacy of the American consumer as it always has. Clearly, there is a fine line between involved and over involved. I will

attempt to draw the line where it negatively affects the consumer:

- Direct mail presents similar data concerns and obviously credit card companies are privy to a plethora of personal information on consumers - Internet data protection should be no different.
- Consumers need to be able to opt-out of their personal information being stored.
- Minors need to be protected and should not be marketed to.
- Annoyances like spam, phishing scams and the proactive display of objectionable materials should be controlled and regulated.
- Data should have a shelf-life and should not be sold or shared without consent.

That said, thanks to this great conduit of information, advertisers have valuable data at their disposal that, if used correctly, would surely lead to a more positive, relevant and engaging two-way communication consumer experience. Passive mediums like traditional television, radio and print do not offer that same level of sophistication and, as a byproduct; brands had little tangible evidence of their campaign's true performance directly attributable to their advertising. The Digital medium and its inherent trackability will provide the insight they need to shift budgets to destinations where the audience actually cares about what they have to say. This understanding of the return on investment is especially relevant to small firms whose limited budgets do not allow for the cushion of fiscal mistakes.

Intelligent brands will use this data to serve advertising that is potentially germane to a consumer. Advertising *by its very nature* has historically been intrusive. Digital allows for relevancy in advertising and marketing that has traditionally been interruptive, irrelevant and emotionally underwhelming. That market shift should not be stifled.

3. Net neutrality:

Consumers pay for access to the internet and the marketplace determines a destination's viability. If a brand was able to pay a backbone provider to increase throughput to their site so it

loads faster than the competition, it would absolutely stifle innovation and be detrimental to small and start-up businesses.

4. Portability of content:

With innovation comes complexity. New technology is empowering the development of novel communication platforms such as widgets, social media / content sharing sites, and mobile.

Within these channels, many of the challenges remain the same regarding the privacy and protection of consumers and personal data, *particularly concerning minors*, but some new challenges arise. Most notably, open platforms and platform consistency. While open development platforms are essential to driving innovation and subsequent consumer value, I don't believe the marketplace needs regulation to sort itself out. Judging by Apple's recent announcement that they will be opening up the iPhone to development via their software developers kit (SDK), it is probable that consumers will continue to have a substantial impact on the marketplace as a whole. This open platform will undoubtedly lead to a slew of new technology start-ups that will capitalize on this fast growing platform.

Lastly, Mobile platforms need consistency across devices. Software like Adobe's Flash Lite can help to overcome some of these issues but true innovation will commence when the device manufacturers collaborate on standards for developers to produce content across platform and device. However as in most maturing industries, a trade group or association will rise to the challenge and champion collaboration among parties.

Again, I would like to thank the members of the Subcommittee for this opportunity to share my thoughts on the digital ecosystem and the necessity for regulation. If I can be of further assistance, please feel free to contact me. I look forward to answering your questions.

Richard C. Lent

Founder/ CEO - AgencyNet

Richard has a 14 year track record producing innovative, visually-stimulating, and highly regarded strategic Digital campaigns. As the Founder and CEO of the acclaimed Digital advertising and marketing agency, AgencyNet, Richard charts the agency's overall strategic vision and growth plan.

Richard is well recognized throughout the Digital industry, has lectured at numerous trade shows and universities, has been interviewed in a myriad of magazines, industry periodicals, textbooks, and published books, and has served on the jury of numerous international award shows. He sits on the boards of several corporations, is a member of the International Academy of Digital Arts & Sciences, and is the Chairman of the Board of The Society of Digital Agencies (SoDA) whose roster contains some of the world's finest Digital agencies.

His vision of creating immersive and unique consumer-focused brand communications has been acknowledged with over 125 of the most prestigious advertising awards including an Interactive Emmy®, Webby, South by Southwest's Best in Show, Cannes CyberLion, OneShow Pencil, CLIO, and named one of the top twenty agency sites ever created by The FWA. Over the past fourteen years, Richard has been responsible for leading Digital projects for some of the world's most recognized brands including HBO, Time Warner, Motorola, Bacardi, NBA, MLB, Ford, Oxygen Networks, NASCAR, Monster.com and Bombay Sapphire.

Possessing a unique and passionate insight into the medium, Richard remains a dedicated and ardent visionary with a focus towards the future of what he considers the most powerful, fascinating and consumer-focused medium in the history of marketing and communication. His passion and commitment was clearly recognized when Advertising Age recently dubbed his agency 'One of the Hottest Digital Agencies Around'.

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