

Axon White Paper

March 2007



*Axon delivers consumer engagement
through personalization*

Executive Summary

As the size of the Web has grown, the amount of available information has exploded. The virtually unlimited supply of content now thoroughly exceeds the amount we can consume.

The number and types of technology devices we use has also exploded, further complicating the problem. We now manage content on our PCs, our cell phones, our PDAs, even our television sets.

The world craves smart solutions to this information overload – solutions that engage consumers by providing them with the information they want, when they want it, on any device they choose.

Claria's Axon personalization platform provides one such solution. It tackles the problem by learning consumers' interests and matching those interests to the vast amount of content available online. Axon then delivers this content to various consumer applications and devices.

Claria tested Axon with consumers through its PersonalWeb Homepage product, which is the proving ground for Axon. PersonalWeb, powered by Axon, automatically creates a home page for users that reflects their online interests. Through this testing, Claria found that consumers interacted with the automatically personalized home page up to three times more often than basic portal home pages. In addition, click-through rates for banner advertisements targeted by Axon were up to 15 times higher than click-through rates for untargeted banners.

Axon was built to power the Web sites, software and hardware applications of partners who want to engage their customers and improve the value of the advertisements they display.

Claria named its technology for axons, the fibers in the brain that serve as its "wiring." Axons connect more than 100 billion neurons, enabling us to instantly identify and access the right piece of information from the vast amount we store in our brains. Like its biological counterpart, Axon technology finds and connects users to exactly the right content exactly when they need it.

Claria invites you to consider why you should empower your Web site, software or hardware application with Axon. As the amount of online content continues to soar, engaging the attention of consumers is the only way to stay relevant.

Axon delivers consumer engagement through personalization.

“*Imagine a digital butler that roams the internet, intuitively knowing your likes and dislikes, retrieving perfect strands of news and information that you never would have discovered through old-fashioned surfing. That’s the holy grail of personalization.*”

– J.D. Lasica in his seminal article, “*The Promise of the Daily Me*”

It’s an information age irony

As the amount of available information goes up, its value goes down. It just takes too much time and energy to find, organize, and consume it.

Ditto for the gadgets and devices that promise to help manage all this information. The effort required to program, network, download, and sync data leaves precious little time for actually putting the information to use.

- Imagine if your computer acted like a researcher, educated and smart enough to find and deliver automatically the information you want.
- Imagine if your PDA worked like an incredibly intuitive assistant and anticipated what you needed to know – even before you knew it.
- Imagine if your browser toolbar flashed, alerting you that some valuable piece of information had just become available.

David Shenk, author of *Data Smog* and *The End of Patience*, underscores that the problem is not getting information but rather being able to discriminate among the choices. “Most everyone in the industrialized world can get their hands on a silo full of data and stimulus in a matter of minutes,” he wrote. “The challenge is to get the most relevant, meaningful, contextualized information so that we can turn that into useful knowledge and wisdom.”

Envision a virtual researcher, a digital butler, a personal assistant, a librarian on duty 24x7 – assigned just to you. This is Claria’s vision for its Axon personalization platform, Claria’s proprietary system that delivers highly relevant content to consumers based on anonymous online behavior.

Introducing Axon

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—David Shenk,
Data Smog and The End of Patience

Axon delivers engagement – and higher ad values. Using Axon, content providers can automatically present more relevant information to consumers. Actual results with Axon show that consumers engage more with personalized content – at a rate of up to three times higher than with content that is not personalized. This is intuitive: when content is mapped on the fly, to real interests and actual usage, consumers are more interested and more engaged. Page views multiply. Interaction increases. And advertising becomes more valuable.

Respecting Privacy by Design

Claria's Axon platform was designed with privacy in mind. Mindful of the need to respect consumer's privacy, and after consulting with industry leaders on the subject, Claria built Axon with these principles:

- ☑ **Transparency:** Axon is used to personalize Web sites and applications that can benefit from customization. And the entire raison d'être of the technology is transparent and obvious – to understand consumer behavior in order to help personalize the consumer's experience.
- ☑ **Control:** Control starts when a consumer chooses to opt-in and obtain the applications or features powered by Axon. Consumers who don't want the benefits of personalization simply don't opt in. Consumers are also given the option to temporarily stop personalization. Consumers are also empowered to remove Axon-powered products using standard Windows add/remove program tools.
- ☑ **Anonymity:** Axon works without a need for any personally identifiable information – the technology does not collect and use any personally identifiable information (names, addresses, email addresses, etc.) to identify the user.

That is how Axon was designed – to respect consumer's desire for privacy.

Why Axon?

Unlike most personalization systems, Axon is automatic for the consumer, based on anonymous information, and builds the most complete understanding of a consumer's online interests to make content recommendations or to target advertising.

Claria research has shown that approximately 15% of consumers take the time to personalize their Web experience when offered the opportunity to provide input themselves, yet a far larger number of consumers desire the benefits of personalization.

When it comes to personalization, anonymity is important to consumers. Research by the Ponemon Institute (An Independent review of PersonalWeb, June 2006) has shown that of consumers interested in personalization, 67% consider anonymity important.

Axon can provide a robust understanding of consumer interests by understanding their behavior across the Web. While other systems can provide glimpses into consumer usage patterns from behavior on a site or two, Axon illuminates the most complete view of a consumer's online interests resulting in more than a 15 fold increase in the ability to automatically personalize for the consumer.

Under Axon's Hood

Axon combines the use of patented client-side software with robust server database tools and a smart content management system to dynamically match consumer interests with relevant content.

The Axon Client analyzes individual usage patterns anonymously, and learns about how users with different interest profiles engage with related content across the Web. Server-side algorithms, aided by a small team of human editors, categorize Web content and maps it thousands of categories of interest.

For example, Axon assumes that if a person regularly seeks out information on tennis, she would be likely to enjoy receiving information from not only her favorite source for tennis news but additional information on this topic.

The system goes a step further to look at tennis-related categories, then takes note of which sites are most visited by other tennis fans, based on their interaction with related content. In this example, Axon keeps track of all the sites visited by people it has identified as “tennis fans” and ranks them by their popularity among this group. Thus, the content recommended to each user reflects the wisdom of the tennis community.

The process is repeated in real time as users provide feedback (click on, interact with, close) displayed content. Every content recommendation is then iterated continuously, making subtle changes as a consumer's anonymous profile changes over time. This process naturally engenders increased consumer engagement.

Interaction rates are up to three-times higher on pages personalized by Axon than on similar pages that are not.

Axon's many uses

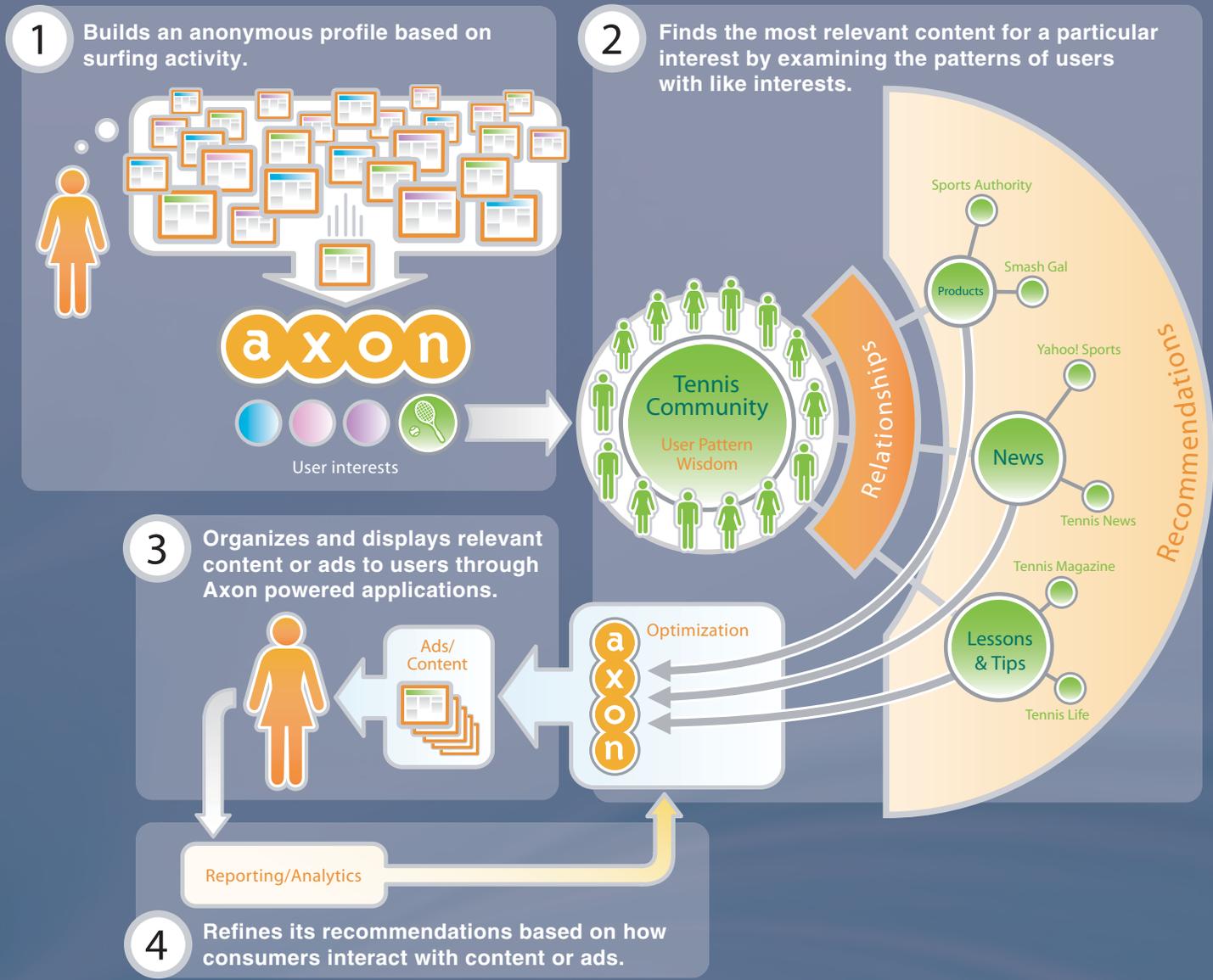
The Axon platform can be used to power applications or content, to improve information targeting, and to create new feature sets. It can make applications that consumers already love into smarter ones that they will use even more.

Today, Axon powers PersonalWeb, which is being used as a proving ground for the technology. You can test drive PersonalWeb's applications – a home page, a tool bar, and a mobile portal – by visiting www.claria.com/axon.

Examples of other applications Axon technology can power include:

- Portal pages: Sites with content front pages may use Axon to personalize the content on the site.
- Mobile portals: To allow quick, relevant Web browsing on the go.
- Browser toolbars: The toolbar might carry a list of favorite sites, updated automatically, or alerts with news updates or message arrival. A desk bar may operate independently of a browser.
- Instant messenger or other stand-alone applications: The IM client would become a focal point for an end-user – surrounded by personalized content and targeted links and advertisements – making it a command center instead of just another desktop program.
- IP television: Considered a killer app by many, personalized television experiences will make it possible to deliver highly relevant content and high-value advertising to viewers.

Axon increases engagement through personalization.



Patented technology

To date, Claria has received two patents for Axon-related software and has several more pending. Claria's patents (U.S. Patent Nos. 7,149,704 and 7,181,488) cover the software, systems and methods used to anonymously collect data from user's Web browsing and identify and present relevant content to the user.

Axon in Action: PersonalWeb

Deployed using Axon technology, PersonalWeb is a smart, personalized home page product that updates itself automatically based on consumer interests – and it's free. It is a proving ground for Claria to test Axon's personalization capabilities. Over 800,000 people have downloaded the software since its release in early 2006.

PersonalWeb users engage with their home pages at rates up to three times higher than users of non-personalized home pages. Clickthrough rates on advertisements are up to 15 times higher than for non-personalized ads.

PersonalWeb uses Axon's patented smart client to anonymously collect consumer behavior data and identify interest areas it predicts will have high engagement.

On the server side, Axon technology takes those predictions, and then ranks them according to the frequency of visits (an indication of relevance) of the entire base of consumers with similar interests.

PersonalWeb is demonstrating how Axon technology engages consumers through personalization.

In Conclusion

Axon has significantly advanced the art of online content personalization. Its technology is robust and market-proven: It increases engagement with consumers.

Claria partners can engage their audiences using Axon to provide an online experience that is simply superior. The value proposition for a content provider is undeniable: Improved consumer engagement leads to improved revenue.

Axon delivers consumer engagement through personalization. Call us so we can show you how.

“Our findings provide evidence that personalization is not the enemy of privacy. It appears that most respondents who personalized a home page see real value in receiving customized content and targeted offers. While privacy-centric respondents are the most reserved about personalized salutations in emails and targeted marketing offers, they too appreciate the benefits of a personalized Web experience in terms of obtaining rich content on the Internet.”

Larry Ponemon,
The Ponemon Institute
Read Ponemon's White Paper *“An Independent Review of PersonalWeb.”*