



Race Track Industry Program

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**Managing Your Business on the Internet**

**MODERATOR/SPEAKER:**

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**SPEAKERS:**

**Tony Andexler**, Online Marketing and SEO Specialist, Andexler.com

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**Mr. Berry Cobb:** From the racing industry or work in the racing industry, we don't have clients that are involved in the racing industry — but that's alright, because our common bond is everything about the internet. In that, it's all about experiencing and developing top-caliber sites and brand protection. When I met with Doug, we started talking about some of these issues. At the time, not following racing outside of just following the Triple Crown or anything like that, I'd never really done any online wagering or any of those things. So, Doug informed me about what ADWs were, advanced deposit wagering, and I went off and started doing some research.

Any time I come across a new business on the internet, I like doing more specific research with respect to our industry and the domain name industry. So, I collected a small pool of top-tier and mid-tier ADW sites, and investigated what their products were about, how they packaged them, how they advertised on the web, their search engine relevance — those kinds of things. First and foremost, from a brand protection aspect, it was not necessarily a surprise that most of the brands out there are highly abused. I'm not sure very many are aware that it goes on and, more importantly, there doesn't seem to be any kind of strategy to mitigate that.

In terms of building the small pool of who I researched, I used the *trusty-dusty* Google to try to find out who the mid-tier and top-tier ADWs were. I also instantly discovered that it was a mixed bag of results. Some participants, or some industry players, seemed to leverage a lot of the SEO/SEM techniques, while others didn't. That basically became the nexus for what our panel session is about today. I think, if you can go ahead and advance to the second — oh, I got the — never mind.

Alright, so, yes, the third little bullet there was kind of the growth of wagering and gambling online and, unfortunately, I was gonna try to dazzle you with some stats about the growth in this area, but unfortunately, I couldn't really find much credible data out there to provide you. I think it's a safe bet that this is a growing trend within the industry, and definitely moving from lower left to upper right. It's definitely ties in line with the quote that we have

up there back from Mark Wilson in 2002, and I think it was as relevant then as it is today. It really brings into question how much of that growth is new customers versus your existing customer base? Where does that lie? Again, I apologize for not having a little bit more direct stats in that regard; maybe next year.

With that, basically there's gonna be three kinda key things that you're gonna walk away with today. The first part of the panel session will be talking about marketing online, SEO/SEM techniques and the technologies that evolve around that. The second half will be all about brand protection and mitigation of brand abuse. Then, lastly, we'll briefly touch on the future of internet addressing.

With that, I'm gonna turn it over to Tony Andexler. He's gonna talk to you about the marketing online. I've known Tony for the last ten years, not only as a friend but as a colleague as well. We've enjoyed collaborating about the latest technologies and those kinds of things. His background is strictly from the marketing aspect. He's worked with top advertising agencies in Chicago and he's also performed a lot of web-based marketing programs and initiatives with companies like Kraft, Ace Hardware, and Walmart, and the list goes on, but there are too many to list for here.

If he provided you with some of the details of some of those campaigns, I'm very confident that you probably would have recognized some of them as you've navigated the web or maybe a crosspollination with other media aspects. He definitely always prides himself on understanding the latest and greatest with technology and innovations on the internet. I think you'll find a lot of his material very useful for your own business. With that, I'll turn it over to Tony. Thank you.

**Mr. Tony Andexler:** Perfect. Thank you. Thank you, Berry, and thank you everybody for allowing me to present today. I wanted to go into a little bit into online marketing. What I wanna do for this panel is not really go into the technical aspects of online marketing, but really give you guys an understanding as to what are the different options and mediums out there in order for you guys to have a successful website online. The one thing that I also wanted to touch base on was understanding when you implement some of these pieces onto your website, how does that affect the design of your website, the promotion, and then also monitoring the performance on it?

I think Wikipedia really encompasses exactly what that means, and internet marketing really ties together those technical aspects of the internet with design, development, and advertising. What we wanna do is be able to touch on each of these subjects for search marketing, social marketing, affiliate marketing, and then I wanna touch base a little bit on what are the online futures and next steps. A lot of clients — they always ask me, they go "well Tony, we hear these buzz words. We hear SEO. We hear pay per clicks. We hear SEM." One thing that I always like to do with a client is be able to kind of take a step back a little bit and really figure out what are they trying to do online.

One thing that's really important, if we look at the graph here, is to understand for your website how you're wanting to plan and design. What's important in that is to be able to say as a user when they come into your website, what are we trying to communicate to them? What's the messaging? What's the branding? What's the identity for that website? Once you have that in place, it's important that you can then go to the development side of it in order to create online applications or improve your website in the programming side. Once you have that, you could go ahead and start the promotion and publicity which is also the search marketing and the social marketing, which I'll get a little more into.

Then finally, is the monitoring the performance. The first piece, of course, like Berry was saying, is the search engine optimization. It sounded like a lot of people in the room knew about search engine optimization, but what's important, before you even start search engine optimization, is what are your online goals for your website? I think this is a basic fundamental that a lot of people first get caught up in. What are the key words? How do I get more traffic to my website? Well, what's really important is what are you trying to do online? Are you trying to sell online? Do you wanna generate leads? Are you looking for building a marketing database?

When you have those understandings it's gonna help you determine what some of those key words are or how you want the user to interact with your website. The second piece is who's your audience? I think this is really important cuz it gives you an understanding of, you know, are they mobile users that are now using their iPhones or their Android devices? Maybe there's a specific age group or gender that's targeting your website. Then, how do they interact with the website? There are actually a few companies out there that can give you some of the stats. I don't know how many of you are familiar with Google Analytics, but you can actually find out quite a bit as to the user's location, how many people are going to your website.

Then we also have third party companies, like Quantcast, that'll actually give you demographics of the age groups that are coming to your website, how long they stay on your website, and so forth. The first piece we have here is a search engine optimization. For those of the people that aren't familiar with it, I think I can make the laser go here. That powered it off, okay. Here's the laser.

For search engine optimization, we call that natural search engine. What that entails is being able to take the key words from your website and get natural listings that aren't paid for on your website. I've gone ahead and I've highlighted them out here on the graph. Actually, section number one there, the laser isn't showing very well, but this section up here is what we call a natural search listing. That's where you really wanna do the optimization where you're putting in specific key words on your website and you're able to get these kinds of listings here at the top.

The second piece is what we call SEM or how other people call it is pay per clicks which is number two area right here, and also this area up here which are paid advertisements. Then the third one is Google Local listings which allow you to do natural search engine optimization, but at a localized level. If you have users that are in the Tucson or Phoenix area, they may be already logged into Google or Bing or Yahoo, and they're able to take those demographics in order for you to bring in those potential customers locally.

Some things to consider with search engine optimization. The first one is always most important, is the competitive analysis. That's really taking a look at the other listings that are pulling up on keywords that you're looking to promote. A lot of times you'll be able to look at a competitor's website and say hey, you know what? I see that they're coming up for track racing. In this example I used Check Cashing which is a client of mine, that they're able to say hey, we know that the competitors are using some of these keywords, and how can I adapt those keywords to my website?

The third one is the keyword research and again, you're gonna get some of that from the competitive analysis, but there's a lot of online tools that will give you that keyword research. Actually, Google has a keyword tool where you can go in and type in keywords and it'll give you suggestions or ideas. It's also nice that it allows you to show what the

competitors are using, as well, for those keywords. The third is the page ranking and this is really an important piece in the idea of how relevant your website is to the industry.

I know clients, for a new website, you get a little confused as to how do I even achieve page ranking? Basically, how that functionality works is how many websites are linking to you and are those websites relevant? If you have a website that maybe you have an article on race track, you'll be able to see that CNN might have linked to that article, and because of CNN's relevance they're going to be able to promote your website higher based on that article. Having the correct content on your website so that other people link to it really will increase your page ranking and then also promote your SEO.

Then finally is success measurements and, again, it's going back to Google Analytics and really making sure that you understand how users are coming into your website. Then also how long they've been there and what kind of conversions you're getting from that user. I think — I went ahead and I put pay per click inside the search marketing because a lot of these are gonna play off of each other, and especially it's gonna be the keyword research analysis. Once you have that in place, you're really gonna be able to determine what those keywords are on your pay per click campaign as well.

For pay per clicks, there are two different options you have. You have — actually, it's Google AdSense, not AdCenter, and Microsoft AdCenter. If you were wanting to do a pay per click campaign, both of them are great options. Actually, Microsoft's AdCenter works off of Bing.com and Yahoo.com as well. A couple things to consider on this, of course, are what's the cost for a budget? It's really determined on what kind of cost the conversion is. What's a sale or a lead worth to you? If you have an Ecommerce website, it's a little bit easier to say hey, you know what? I sell a product for \$100.00. Any lead that comes in, hey it's worth \$10.00, \$20.00 a lead, and that'll kind of give you a base analysis as to what I want that pay per click budget to be. It's really determined as to what that means to you as a lead or a sale.

Then finally, are you looking to have it done in-house or in-agency? A lot of clients, they say hey, you know what, Tony? I'm gonna go ahead and I'm gonna try and do this in-house, and that's great, but I think you really have to have some key pieces in place, whether it's an IT department or a marketing department to really kinda understand some of these fundamentals because when you're writing content or trying to find out keywords for that, you wanna make sure you're presenting that correctly on different pages in order to promote your SEO.

The next piece is social marketing. I'm sure everybody here has a Facebook and Twitter account and probably a blog as well, but what I wanted to touch base on is how the social media interacts with search engine optimization and your pay per click campaigns. How are businesses today using social media? Well, there's actually quite a — different options available that they're using it for. I know a lot of times it seems like businesses just use it as a word of mouth, but if you really break it down as to your industry, it really is specific as to are you looking for business intelligence and research? Are you looking to do reputation management?

There's also, maybe on your Facebook or on your blog, are you looking to have that be more of a customer support or are you just trying to expand your digital footprint, meaning that you're just wanting to make sure in case people aren't finding me specifically to my website. Maybe they're finding us through their Facebook account. Maybe they're finding us through our Twitter account. Also, a lot of times people, for their Facebook and Twitter, they're using it as lead generations. Facebook has, actually, quite a few options now that

as applications continue to grow on Facebook.com, you can actually start getting some of that data specifically from users, whether it's a certain age group. Maybe you have an online sweepstakes on your Facebook account where you can actually integrate that data.

Then just user generated content, as well. I think what's important is for your social media, you're not looking at it as this is my website and my website is all about the sale, all about the conversion. For social media, you really wanna look at it how I have it broken down here where we start with awareness, consideration, and then conversion. It's really important in the idea of even if somebody isn't finding your website from a pay per click campaign or through SEO, is that they're still getting awareness somehow, maybe with a Twitter feed or the YouTube channel that you create in order to at least get some kind of identity out there. Once that occurs, that's where people can go ahead and link to other individuals. Maybe they recommend that to their friends and really start bringing in that consideration piece.

Then finally, once you do have the consideration piece, that's when you transfer them over to your website and you can actually get a conversion from that. Some of the things on getting started. Of course, my philosophy has always been don't directly market to them. A lot of times people come out and they say well, here's a Twitter piece or here's a Facebook post that I wanna do, and it's all about a new product or a new service that we offer. Sometimes you really don't even have to direct market at all. You can just listen. That's what's really unique about the social industry is that users are coming into those areas not always to find out about the latest product, but it could be just talking about it or getting more of their friends or followers involved so that they have awareness and consideration to send them to your website.

Of course, the other thing that's very important is the keyword research. This goes back to having — being able to integrate those keywords that you found from your SEO and your pay per click, and integrating them into your Twitter feeds, integrating them into your Facebook posts so that you don't have just a generic Twitter feed that there's an upcoming race starting January 1<sup>st</sup>. Go ahead and integrate some of those keywords that you found and put them in places for your title, for your subject, and for your messaging.

Then finally, is the create a user flow and interest. This is critical just in the idea of the awareness and consideration, is making sure that you have that traffic landing on the correct pages on your website. Not all the time do you need them just to go to the homepage to your website, but making sure that they're not having to click through five or six different pages just to find the content that they read on Facebook or on Twitter. I wrote down just a few of them, the YouTube, Facebook, and Twitter, of course. It's keyword monitoring. One of the examples is search.twitter.com which is actually a great piece for anybody to go to where you can find out different keywords that people are searching for on Twitter. Highly recommended.

The other thing is to create a YouTube channel and in the room I don't know how many people know that the second biggest search engine, second to Google, is YouTube.com. It's really critical that not only are you doing keywords and SEO just for Google or the top search engines, but you're also trying to create videos or brand awareness on a YouTube channel as well. A lot of people, when they do a search on Google.com, they're also going directly on YouTube and finding certain websites or interests based on tagging of the keywords. As long as you have solid keyword analysis from your SEO, you'll be able to implement those on your YouTube channel and videos as well.

The other piece is if you're looking to do this internally, is do you have the organization set up so that people internally can create Tweets and posts? Sometimes a client comes and they say well, I'll go ahead and I'll write my own blog or I'll write my own content for it, and I think it's really critical to be able to say hey, you know what? We've already done the keyword analysis. Let's see how we can write a good posting on our blog, really create some of those keywords that people are searching for on YouTube and making sure they have that internal team in place.

Then finally is consider promotions and sweepstakes as well. Again, Facebook is really starting to integrate some great third party applications where you don't need to know programming in order to do a promotion on your Facebook page. You can do a user pool. You can do a sweepstakes. Any kind of demographics like that, a lot of third party applications are now doing that for Facebook.

Then finally for the blogs and your RSS feeds, again, be creative in your content and in your titles. Really go ahead and use those keywords from your keyword analysis which the search engines will pick up so that as a user they're not just going to your .com website. They're actually finding out just some brand awareness from your blog or from your Twitter feed.

Third piece is the affiliate marketing. I think this is really unique. I don't know how many of you are familiar with affiliate marketing. Actually, the University of Phoenix uses this quite a bit. Basically how it works is to be able to have a merchant, which is yourself, you reward what we call affiliates or third party websites or bloggers out there that come into your website and become a conversion. You're actually going to pay those affiliates for doing the marketing and the initiatives themselves. In other words, the affiliate's gonna go ahead and do all the hard work for you.

I've kind of broken it down here in the graph here — I don't know, the laser sometimes works — where as an online user and online shopper, they may not even be aware of your brand. They know they want a red jacket. Well, that's great, but what's important is as an affiliate, they can go ahead and create search engine optimization. They can run a Google pay per click campaign, and the cost is put on them so that when that user comes into their blog or their website the traffic will then go to your website with a conversion.

What's important with that is you may not have a bit IT department or a big marketing budget where you can go ahead and do thousands of dollars on a pay per click campaign for Google. What's nice is that you're giving the affiliate the opportunity to go ahead and put those costs up for themselves, but yet you're giving them a conversion for that sale or lead. The benefits of it, of course, is word of mouth spreads quickly. An affiliate can have multiple websites. They can advertise on multiple websites. It's pretty much up to them.

What's nice is that you can choose who you want to have an affiliate. Maybe an affiliate could be a blogger in San Francisco and they're there and they write all about racing and how much they enjoy it. You can go ahead and say "You know what? We'd like to have you advertise for us." You can create banner ads for them. You could let them do their own content management. As long as that traffic goes to their website and then converts to yours, you're paying a commission for that.

Then finally, what's really important of the benefits is that your brand identity stays intact. Any ad that an affiliate wants to post on another website or on a blog, all those banner ads, all those links, all that content, can be completely monitored from you. I went ahead and I put down two that are pretty much my favorites. We have Commission Junction and then

the Google Affiliate program. They both are unique and different in their own aspects. Commission Junction definitely is one of the top-rated. They actually have hundreds of thousands of affiliate websites that you can look into and Google has the same. They actually recently just bought out DoubleClick which is part of their affiliate program. They each have different pricing, so I would suggest after this is to really research what kind of pricing they do for their affiliate programs and what kind of criteria they have.

Then finally, for affiliate marketing is the promotion side of it. This is kind of the unique piece, and especially I bring it up in the design campaign, is if you have an upcoming race, if you have an upcoming venue, you can send out that information to the affiliate so that they know hey, come January, come February, you can really promote this and create pay per click campaign or do some SEO and they can help you promote that beforehand instead of just saying hey, you know what? Let's just go ahead and turn this on.

It's really helpful for clients, whether it's the holiday season or Valentine's Day, where they're able to say hey, you know what? We're gonna do a new promotion just for Valentine's Day. You can give that information out to the affiliate. Then, of course, there's a lot of unique, different ways you can communicate to the users. Again, I brought up banner advertising, but there's email marketing campaigns that you can give the affiliate. There's linking strategies and also content.

Okay, finally is the online marketing future and next steps. Basically, I wanted to go over this a little bit because the search engines are changing. I think this is really important for a lot of people because Google is finding out new ways to change their search algorithm and really be able to target search results better towards users. One thing that we've discussed before is the localized search, and this is really important again. Any user that is logged in, whether it be from a mobile device, maybe it's just your gmail account, that information's gonna be stored in Google so that they know you're in Phoenix or in Tucson, and be able to do search strategies specific to you.

Mobile search, of course, is always changing. Everybody nowadays has an Android or an iPhone. That information now on Google is starting to get customized now where a search result that you see on your laptop or your desktop computer isn't gonna be the same search results that you see on your mobile phone.

Third is the Google Plus and I bring this up in the social aspects of it, in the idea of the search engines are using still keywords based off of your website, but they're also now starting to get influence from a Google Plus and a Facebook account, so your popularity on these social networks are really important in the idea of any keywords now that people are finding you on from Facebook or Twitter or even your Google Plus account is gonna have an influence of how your website's ranked just in Google.com as a search. It's really imperative to at least be part of those organizations, having a Facebook page or a Twitter account, to use some of those new SEO strategies.

Finally, the advancing the online tools. I know I didn't really get into the technical pieces of SEO and how to do it and h1 tags. I'm sure a lot of you are pretty familiar with that, but what I'm seeing now in the industry that I think is really important, is we're starting to see a lot of turnkey style of development. I mean that in the idea of maybe you're one of those users that you're not looking to do all the development and the coding and I need to know what HTML tags to put in.

Well, there's actually quite a few tools out there that will promote you for SEO and SEM that I've listed here. One that I use a lot is Wordpress and Drupal, where you can get SEO plug-

ins, that we say, into the content management piece so that even if you're not a programmer, but you know what the keywords are or you know how to write copy, they're highly recommended in order to do SEO on your website without having to know any programming.

The third one, going back, is the social media applications. Again, there's quite a few coming out right now, especially on Facebook.com, where it's going to allow you to do search engine marketing online, but through your Facebook account. Also it's the gathering of that information that you can collect as a user, whether it's an age group, the specifics as to how they found your Facebook account, all that data is now being collected on Facebook. Then finally, the last piece is domain management. I think Mike's gonna talk a little bit more about that, but it really still plays an effect as to your brand identity and also your brand awareness online.

**[Applause]**

**Mr. Berry Cobb:** Great. Thank you, Tony. Like I mentioned at the beginning, some of the research that I had done about ADWs and, like I said, there was a mixed bag of results. There are some companies out there that are nailing it. Their page relevance is ranking top regardless of what keyword you're searching with respect to racing, and there's some that just aren't doing it at all. Then that was kind of shocking, hence the need for this topic.

We're gonna move along now to brand management and mitigation of abuse with respect to your brands, and I'm gonna be turning it over to Mike Rodenbaugh. I've known Mike for about seven years now and I have him to thank for helping introduce me to the domain industry as well. It's a whole different topic that I'd talk about some other time, but he's principal for his own law firm for the last six years and prior to that, he worked with Yahoo for seven, helping them with their brand management and online protection and intellectual property and abuse mitigation.

He's also an integral contributor to an upcoming GTLD program which we'll touch on in just a little bit. He's recognized within the domain industry and with ICANN for being a leading proponent to fight some of the leading or some of the biggest internet abuses out there. He's an invaluable asset to any firm looking to defend their brand, and I know that his content will be as equally entertaining and useful. With that, I'll turn it over to Mike. Thank you.

**[Applause]**

**Mr. Mike Rodenbaugh:** Thanks. Alright, everybody. Well, I'll bring us to cocktail hour. I'll try to cram a 30 minute presentation into about 20 or 22 and take some questions here and obviously over a drink, if you prefer. I'm gonna talk — first of all, just one small clarification. I've only had my own firm for four years rather than six, but minor quibbling. It's been a great four years; looking forward to 25 more.

Okay, so I'm gonna try to basically impress upon you the importance of paying attention to what's happening to your brand online, not just with respect to how much money you're making through your pay per click, through your SEM, but perhaps to how much money you're leaving on the table, how much money you're letting a group of people I affectionately call scumbags or cyber squatters or phishers — there's a whole bunch of other terms for people that are doing nefarious things with your brand on the internet, depending on exactly what they're doing. I think that the general level of awareness outside of the Fortune 100 companies is still very, very low, not only in our country, but worldwide.



As we'll see, while the big Fortune 100 companies have had some success in fighting against these bad guys, they've simply moved on down to the next tier which is companies in the Fortune 500 and Fortune 1,000, and even smaller companies. Bottom line, anybody that's getting traffic on the internet, there are a lot of people out there trying to steal that traffic or divert that traffic to their own websites or their own malware for their own purposes.

Talking first of all about defensive domain name registrations, cuz I think that's really an important first step. It should dovetail in with your SEO and your SEM strategies. You should be locking down easy typosquats of your domain name. Just to use one example, from the prior presentation, I think there was a website called Horse Player Now, and so I just real quick typed in Horse Players Now. Well that domain name is available. I don't know why. The guy could have that domain name registered in two minutes for \$10.00 and I guarantee you he's gonna be getting some decent traffic from that name because people will logically make that mistake. I'll show you what the ramifications of making that mistake can be in a couple of the future slides. Bottom line, you can avoid a legal problem by simply thinking how are people going to make mistakes with respect to my brand? How can I capitalize on that myself, rather than letting bad guys do it.

Alright, we're gonna focus mostly in this presentation on cybersquatting which, essentially, is bad faith domain name registrations. Bad guys registering typographical variations of your brand or brand plus keyword domain names, and then using them in search engines and for direct navigation traffic and in spam to try to get people to focus—think that they're interacting with you, when in fact they're interacting with a bad guy. This is, it's a federal law against this called the Anticybersquatting Consumer Protection Act. We've had that on the books for seven, eight years now. A lot of the big companies are taking advantage of it and I think a lot of other companies ought to be taking advantage of it, as well.

Alright, just real quick on some statistics. It really is a big problem. Having worked for Yahoo, I can tell you that at any given time, we were aware of more than 10,000 pretty blatantly infringing domain names registered to third parties. That's everything from Yahoo with two H's dot bz, in Belize or whatever, to Yahoo sex, all sorts of porn iterations on Yahoo. The key is to try to understand the scope of the problem. Companies like MarkMonitor will do that for you. I have relationships with a bunch of different firms that do online monitoring so that you, at least, have an idea of the scope of the problem, and then how to prioritize the volume of problems that you probably have and get the best benefit for your dollar.

I think the takeaway on this slide that I'd to use is the pharma brands, noticing that just six brands a couple of years ago and one slice, recognizing of course that pharmaceutical brands aren't really inherently online. People usually don't go online to buy pharmaceutical products, right? But it is, obviously, a growing thing, just like in your industry. More and more people are coming online to interact with your companies. Same with Pharma. Their problem is also a highly regulated industry. Just these six brands were showing up in almost 3,000 unauthorized pharmacies. I think, similarly, or analogously, anyway, in your industry where more and more you're taking money from people online, you're gonna see more and more of these problem, no doubt about it.

This is just a real quick synopsis of what happens when a consumer mistypes your brand and is essentially diverted. This is Harley Davidson with a U instead of a Y .com, and a consumer misspells it and is basically, in this case, just sent to a relatively benign cybersquatter pay per click site. Here, really all you're losing as a brand owner, is a little bit

of money because your ad is probably being served by Google or another ad network and rather than the user coming directly to your site for free, they are clicking on your ad on a cybersquatter's page so the cybersquatter and Google are both getting paid, and actually you're paying them.

We try to stop these things by getting these domain names under control of my client companies, basically. We identify what are the worst things that are going on? Just take a step back, and these notices will apply to really any sort of bad activity going on. I try to highlight sort of the worse-case scenarios than just pay per click cybersquatting sites. Those, we're pretty much all familiar with. We see them every day. There's literally hundreds of thousands of them out there.

The problem is that each one of those is really, could instantly be turned into a much worse problem for you. One example is a typosquat domain name could be registered by your competitor or by some bad guy in China or wherever, and all email, right? Your people are trying to interact with you by email, do business with you, with your legal department, with whomever, somehow they make this mistake and now they've sent maybe sensitive information to the person who owns this type of squat domain name. There's been studies about this and it's a really surprising amount of this going on and growing.

What's happened on the pay per click side is Google has stopped paying as much money as they used to pay these guys, so they're trying to figure out how to make more money from the domains that they own cuz there's a cost to those domains. They cost these guys \$10.00 a year each. If they're not making more than that, then they want to get rid of 'em. Google's trying to make it so they make less than that and so they're looking to other models to figure out how they can leverage these assets of theirs which actually should be yours.

Oh, and in addition to theft of email, there's also a phishing attacks, malware distribution, drive-by downloads is what they're called. While that looks like a relatively benign pay per click cybersquatter page, in fact what could be happening is as soon as you land on that page, they're serving you a small piece of code. It could be a keylogger. It could be a program that turns your computer into a spambot. It could be all sorts of things. Bottom line, they could be taking personal information directly off that computer or taking command and control of that computer for their own purposes simply by visiting a website.

Again, this is a rampant and growing problem that not too many people really know about because companies don't like to talk about it. They really don't, but that doesn't mean it's not happening. It has a pretty negative impact on your brand because typically the people that are being defrauded are gonna come to you first and say what's happened here? I thought I was interacting with you and suddenly my bank account's drained.

Because again — maybe I'm not using the best example with that pay per click page. They also could be framing your website and a typography of your page. That happens quite a bit as well. They could literally be stealing your entire site, duplicating it on a typosquat domain name. Then the user actually thinks they're interacting with you but they're transmitting all of their information to this third party.

Anyway, when we find these things going on, basically try to stop it first as soon as possible by getting the website shut down. There's lots of different points in the internet at which you can do that, but primarily we look to the web hosts and to the name server operators because we've got some good case law these days that hold outfits like that contributorily liable for trademark infringement if they don't respond to notices. That's the Akanoc case

that came down last year. Louis Vuitton sued a web hosting company that they had sent several notices to saying take down these blatant counterfeiting websites. The web host ignored those notices and a jury found them liable for \$22 million. That had quite a chilling effect on the rest of the web hosting industry, not only in this country but also in Europe and so they tend to be much more responsive to notices these days.

Essentially, obviously, these things always breach the terms of service of the web host so once you notify them of this they should take appropriate action, cease providing that service, and the effect is the website goes down. The problem is the domain name's still there. It's still registered to the bad guy, and the only way to get that is to take further legal action. You can do that in several different ways, but primarily what most businesses are doing these days are using what's called the UDRP, Uniform Dispute Resolution Policy, which every time any registers a domain name, at least a GTLD we call, or global or a generic domain name such as a com, net, org, is info, you agree to this mandatory arbitration procedure. You promise not to use that domain name in a bad faith manner.

You can, once you find these guys, you can elect to file a dispute against them. The problem is the cost. Filing fee is about \$1,300.00 usually for a single domain name. You have to put your entire case together as well, so it's actually works out to be \$5,000.00, \$7,000.00 for your first one of these, after which you can usually use that template complaint and file 'em for \$2,000.00, \$3,000.00 each successive complaints. Bottom line, you have to put your whole case forward in this arbitration process. You only get one shot, so it costs a little bit of money. Do it. At the end of the day, you don't get anything other than a domain name back.

A lot of companies said well, that doesn't sound like a very sweet deal. What else could we do? That's why we passed the federal law in 2004 called the Anticybersquatting Consumer Protection Act. That provides up to \$100,000.00 in statutory damages per infringing domain name. That has been quite a hammer that big companies have employed to smash some of the more notorious cybersquatters over the last few years. I'll talk about that a bit more in a couple of slides. Under either the ECPA or the EDRP, essentially the standard's the same. You have to prove that you've got an interest in the domain name cuz it's confusing. It's similar to your mark. You gotta prove that the bad guy has no legitimate interest in the name.

In other words, it's not his real name, that sort of thing. Just saw a case, came down this morning actually. It was GotMilk.com, but there's an E at the end of GotMilk, and the California Milk Board, they actually lost the case because the company that owned that name showed that their principal's name was Milke, M I L K E, and so they were successful in defending that EDRP case, but that's usually pretty rare. More than 85 percent of EDRP cases are resolved in favor of the brand owner, the complaining party, so it makes it a pretty highly reliable tool, but as I said before, the remedy's not really great.

Of course, the final factor is you have to prove that the name was registered in bad faith. You can do that in a number of different ways. Clearly, when they are redirecting traffic to a competitive website or to a pay per click page or doing something worse, obviously that's a bad faith and you're gonna win that case.

Let's go through this real quick. This is kinda getting down into the weeds more for lawyers, really. I already mentioned probably the most important bullet there, the third one, is that you gotta treat a UDRP complaint just like your entire case is on the line cuz you only get one shot to convince the arbitrator. That's kind of where the cost comes in. Moving forward to a little bit more on EDRP stats, this is really a well-entrenched tool for IP

attorneys. The policy was passed in year 2000 so there's more than 30,000 cases decided under this now, and lots of precedent.

As I said, it's overwhelmingly in favor of brand owners so it's a handy tool, even though it does cost some money. ACPA cases, on the other hand, are actually cheaper to file than the EDRP cases cuz you only have to set forth a bare pleading of your claim, what we call a short and simple statement of your claim. You only have to pay a \$350.00 filing fee to a federal court. You can get one of these things on file a lot cheaper and you'll get, at the end of the day, you'll probably get a judgment somewhere in the nature of \$75,000 or \$100,000 per name which, while you may not be able to enforce that judgment against these bad guys, you'll at least have it in your back pocket. You can wave it around to bad guys in the future and make them cave. It's a pretty effective tool to have a judgment like that, even if you can't collect it.

Just checking the time here. Alright, good. Perfect. That's really cybersquatting bad guys in a nutshell. Now we'll move on to internet addressing. Another real big bad guy according to a lot of brand owners these days is called ICANN. This is the Internet Corporation for Assigned Names and Numbers. It's actually a California non-profit company. They have a contract with the United States Department of Commerce to govern the global domain name and IP addressing systems. Part of their mission statement is to develop policy reasonably related to that technical function.

There's just constantly debates going on within ICANN. It's a little community. It's really the domain name industry in a nutshell that comes to these ICANN meetings three times a year and talks about the bad things that are happening with the DNS and how to make it better. One of those bad things has always been viewed as Verisign, essentially, .com being king. Users out there in the world, eight out of ten of 'em don't even know that there are other domain names that don't end in .com, at least that was a study I saw a few years ago which probably isn't so true anymore. One of ICANN's — it's not really within their mission statement, but I'll say it anyway, it's one of ICANN's missions has always been to expand the top level domain space.

They started doing that in 2004. They approved things like .jobs and .travel and .info, .biz, and I think there's about 13 others, GTLDs, to go with com, net, org, edu, and mil, which existed prior to that, have existed to us since early '90s. Problem is you notice all of those strings and then take into account the 250 plus country codes as well, right? .de in Germany, .co.uk in England, all of those are in what we call ASCII characters which are English characters that you can I can read.

This has always been deemed by a large portion of the world, like a majority of the world that doesn't speak in such characters, doesn't understand them inherently, they're saying why can't we have domain names in Arabic, in Hebrew, in Chinese? ICANN has been working very hard to solve that problem for the past ten years. As of about two years ago the problem was solved. We now know that we can have top level domain names in what's called IDN characters, so any other script. That has driven ICANN to develop a process by which companies can come in and get new top level domains, not only in IDN scripts but also in our familiar script called ASCII.

There's, as it turns out, quite a bit of demand for this. A lot of businesses, I think rightfully so, are not very happy that their brand presence always has to go through Verisign.com. There's always that risk, while it's never happened, that something could happen to Verisign, and that could really be pretty drastic for everybody. There's been impetus in place to expand the TLD space. It's now come to a head. As of January 12<sup>th</sup>, ICANN will

begin accepting applications, so any brand can get their own TLD. You can get a .cdi or a .tvq. You can certainly — .google is most likely gonna happen, .facebook, but it's not just dot brands. It's also dot generic terms, so .racing, .music, .sport. These are all announced projects.

The application fee is hefty, as you see at the bottom. It's \$185,000.00 per string, so it's pretty much for serious investors only, but the problem is that if you don't get into this 90 day application window opening January 12<sup>th</sup>, there's no clue as to when or even if you'll be able to do this again in the future. ICANN's committed to reviewing this program once it's done. They won't even be delegating the first TLDs from this program until early 2013, okay? Then they gotta let those run for a while before there's anything to evaluate. Then they do a review which, in the ICANN world, is a minimum three to four year process usually. Bottom line, four, five years minimum before ICANN's gonna open another window.

That's led a lot of businesses to say well, we don't really know exactly what we would do this thing, but we probably better seriously consider whether we ought to do it. The other consideration is if you don't do it, not only may ICANN not make it possible again later, but if they do your application will be judged against these 1,500 new applications. The general rule is you cannot have two confusingly similar top level domains. Somebody applies for .com, it's just rejected out of hand, unclear as to how far that's gonna go, really. How close is too close? We just don't know. There's no law on it. Hasn't been decided, but if you got a brand, let's just say CDI, I mean if somebody goes in and gets CPI, is that gonna forever preclude CDI from getting CDI as a TLD? I don't know, but there's a decent chance that it would.

That consideration is also one that a lot of companies are thinking about these days. You can see from this slide, just sort of the breadth of projects that are publicly announced and funded. A lot of geographic names are coming out. A lot of industry verticals we call them, a lot of brands. Even though, since there's not really any good reason for brands to pre-announce their attentions here, right? They're kinda hoping they'll be the only one in their industry to do this, then they'll be really cool for four years. The other brands would become stodgy. Not too many brands have announced at this point, but I can tell you that for pretty much anybody in the industry will tell you that there's gonna be at least 1,000 brands applying for their .tld strings.

When that happens, it seems to me that user perceptions are going to change pretty quickly on the internet. These companies by and large aren't gonna buy these TLDs and then just sit on them, obviously. They're gonna start marketing them. When all of them are doing that in their industries, it's gonna have, I think, a viral collective effect of really engraining in users that there are other top level domains other than com, other than country codes. They're gonna expect different things from companies and brands in certain industries because of the online leaders who have gone and blazed the trail here with top level names.

There's not only the marketing benefits of this, but also the security benefits. You really can lock down your TLD string. You can decide who registers and on what terms in your TLD. Obviously most brands are saying nobody can register in our TLD. In fact, almost all brands would say nobody is gonna be able to register in our TLD except us. That's a great thing. That's a powerful thing because it enables you to control the content in that space much more than you can do, necessarily, with com when there are these other inflection points that people can get in and check bad code on your sites, things like that that's happening. I don't wanna get too technical or off topic here, but bottom line is it's the security benefits of having a TLD are also seen as pretty enormous by most companies.

So, wrap it up here quick. That was not too bad. It's only 5:01 p.m. This is really just sort of a slide to show you that business voices, our voices at ICANN are represented in only a really relatively very small way. That green box is the GNSO. Two of those six lines are the six constituencies within the GNSO. Only two of them are really business voices: the business constituency and the intellectual property constituency.

All the other voices are really constantly fighting against us. They want it more open on the internet. They want more privacy, blah, blah, blah, all sorts of things that our voices tend to get drowned out. We need more help. We need more companies to get involved, to take a stand, to pay attention, so I try to make a little pitch for people to, if you're interested in the ICANN process, if you're interested in the TLD program, please feel free to reach out to me or to these constituencies directly and get involved. It doesn't cost much and you can learn a lot. That's it. Berry will close it up and we'll take some questions, as well.

**[Applause]**

**Mr. Berry Cobb:** Thank you, Mike. With respect to some of the research that I mentioned earlier, the racing industry is definitely not alone with respect to the abuses going on out there. Virtually everybody that I looked at was abused left and right, and for a long time. You've already spent money to trademark your identity and your brand out there. It's really time for you to start enforcing it. It costs money, but it's well worth it in the long run.

With respect to new top level domains, Mike talked a lot about the dot brands and certainly that's something important to consider and understand how that aligns with your business strategy. More importantly is what was referred to is the generics or the vertical names. There's already been public announcements for .bet, .casino, .poker, .racing, .slot. What does that mean for racing today, and tomorrow for that matter? It's all about competition for the betting dollar and you need to be aware of what's coming ahead of you.

More importantly, some of these that have already publicly announced, it's not clear what the exact ties are with the investment background, but I know a few of 'em have nothing to do with your industry or they're not stakeholders within your industry. In some ways you can almost be hijacked by what's going on, so it's very important to understand what that strategy's about. With that, we'll take questions and we'll close just by being, you know, stay ahead of the curve, so thank you very much.

**[Applause]**

So it's time for cocktails, then. So thank you, again. Take care.

**[Applause]**