

PREPARED REMARKS

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Mr. Chairman, and Committee Members, thank you for the opportunity to be here today to discuss what I think are very important issues to the future of our e-commerce industry.

First, a note about us. Nextag is an internet comparison shopping company. Thousands of merchants list their products on our sites, and our visitors use our content and features to find the right products and to compare prices and services from many merchants. About 70% of our partners are small merchants who you've never heard of, and before today, many of you probably had never heard of us either. But about 30 million shoppers a month use our site and we send over \$1 billion of sales to our merchant partners.

Google has been a principal and an outstanding partner to us for many years so I am here with due respect and regard for their company and their people – but I am here to say what must be said about the Google of today to ensure that e-commerce remains competitive and vibrant.

Will we have a growing and competitive e-commerce marketplace where Google's capabilities allow anyone to harness the economic power and growth of the internet? Or – will we have what the numbers show is quickly happening - will Google continue their powerful practices that make e-commerce a market mostly for large brands, and for those who don't compete in sectors that Google intends to dominate.

Will the internet be as open and competitive as it was 10 or so years ago when I first worked with a small company that no one had heard of with a funny name from the world of mathematics – Google? At that time they were the only online company who would let me advertise as a younger Founding CEO of a travel company no one had heard of called Orbitz. Google's approach to letting the small thrive through an innovative bidding process that enabled all to get access to ads, and a ranking process that let all websites be visible based on their relevance to consumers, was brilliant and it was open. It created massive growth in the digital economy for all. Back in 2002 this openness and competitive aspect of the internet was also available to the founders of Nextag. They began to invest around Google's ideas, and technology.

But what Google engineering giveth, Google marketing taketh away. Google abandoned these core principles when they started interfering with profits and profit growth. Today, Google doesn't play fair. Google rigs its results, biasing in favor of Google Shopping and against competitors like us. As a result, Nextag's access is more and more discriminated against. Not because our service has gotten worse –in fact our service is much better than it has ever been – but because we compete with Google where it matters most, for very lucrative shopping users.

We are here today to speak before you because our example makes it clear, and our data makes is expressly clear, that if this is happening to us, a sophisticated, best-practices, large advertiser in Google, then it is also true that is happening to many. With every passing month of Google's approach, it is becoming more true that e-commerce is less and less competitive. Every day other companies like ours will fare worse and consumers will see less choice and investment in this arena will become more about haves and have-nots. And that is a very big deal. Google says that competition is just one click away, but that is like saying move to Panama if you don't like the tax rate in America. It's a fake choice because no one has Google's scope or capabilities and consumers won't, don't, and in fact can't jump.

In spite of our success, we estimate that under 10% of our shoppers remember us when asked, and that is precisely because we are among the world's experts in how to use Google as a marketplace. For example, we are a very large Google search advertiser, we believe among the top 25 advertisers on Google's AdWords platform based on a third party ranking. We manage and bid on hundreds of millions of Google search keywords using very sophisticated software, elaborate statistical methods, and extensive and geographically distributed hardware which we have developed at great cost. What we do, very few companies can replicate. In fact I do not believe any company has invested nor has the scope of technology in this field that we do.

This technology means we can help little companies — who cannot possibly invest in the tools or the head-numbing-statistical methods required to be profitably successful within Google – sell their products, from cameras, to apparel, to home and garden goods, to jewelry. Try it out sometime. Nextag will surprise you with what a good site it is.

Competition drives us to improve our services for our merchant partners and for users. For example, last week we previewed new features for our merchants that give them more flexibility and control, so they can work with us in the way that's best for them, and generate as many sales and find as many new customers as possible. Google Shopping does not have these features.

For users, we have developed many new features that help consumers find better deals and track products they are interested in, both on the internet and on mobile devices, and we have added new, more useful information to our sites and more original content. Google Shopping has few features and almost no original content.

Merchants also benefit by having several robust comparison shopping providers so that they are not beholden to a single monopolist. Robust competition drives down price and gives merchants a choice if Google shuts them off or deranks them because Google has a new plan or because maybe they just bought Amazon. As we have seen many times with companies like Overstock, even sophisticated companies can be impacted by the whims - Google calls them policies - of Google's dominance. Competition keeps Google from being the sole judge and jury on which merchants succeed and which fail.

Google tells you that its actions help consumers. But when competition shrivels, consumers are hurt. Try Google Shopping and you will see. It is very pretty and has

many sellers – Google’s biased results give it a tremendous amount of influence after all. And of course it displays other Google services like YouTube. But there’s little new or innovative - because there needn’t be much. Google attracts users to Google Shopping by rigging the results to favor itself, not by winning against its competitors.

I think Google is a great company and remarkable success story. We are pleased to have helped them grow their business and we are appreciative they helped us grow ours. Now, however, they are not innovating, they are copying our business after we invested hundreds of millions of dollars to perfect it, and they are very politely, deftly, and assuredly moving us aside.

Today, honorable Committee Members, when you search for a product, like fishing poles, or running shoes, or washing machines, Google is not a search engine anymore, it’s a commerce site, biased and organized to suit Google’s commercial needs. Rigging the results to keep specialists like us at bay is the moat that Google has dug around its search crown jewels. But the consumer doesn’t know that. It’s not stated clearly in any way that that is what is occurring. It is not stated that good options have been excluded or obscured because Google believes that is best for Google. If they dominate a marketplace, they have at least the responsibility to provide fair access. Of course, other more stringent requirements would be needed too, but it needs to be addressed or competition will wane, and consumer interests will be diminished on the world’s biggest internet information company. The company that dominates the information highway, and controls all of its digital billboards, and all of the digital park benches along its digital rest stops that tell shoppers on that highway where to go and what to buy. And that’s something I never thought I’d see from this company nor have to be here to say.

I hope this committee, and Google itself will act to balance the forces that enable competition to persist. This is a very big deal. We should get it right and make it right.

Mr. Chairman and Members of the Committee, thank you very much for your time and attention.