NebuAd Halts Plans For Web Tracking

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Thursday, September 4, 2008; Page D02

Tech firm NebuAd has put on hold plans to widely deploy an online advertising technology that tracks consumers' every Web click while Congress reviews privacy concerns associated with the technique.

The Silicon Valley company announced this week that founder and chief executive Bob Dykes was resigning. His departure comes as a number of Internet companies have suspended or canceled trials of NebuAd's controversial tracking technique, known as deep-packet inspection, marketed to companies seeking to target ads to Web users.

"Our platform was architected to be a multi-channel ad system," spokeswoman Janet McGraw wrote in an e-mail. "With the Internet service provider channel currently on hold with the events of the summer, we have broadened the focus of our business but continue to enhance our technologies for that ISP channel."

She said that NebuAd supports the companies "who have put their trial deployments on hold so that Congress can spend additional time addressing the privacy issues and policies associated with online behavioral advertising."

Critics have likened deep-packet inspection to the phone company tapping a call. The technology allows a window into potentially all of a consumer's online activity, from Web surfing and search terms to any unencrypted Web communication.

Dykes had led the company's drive to apply the technique to targeted online advertising. He is resigning to take a job at VeriFone, an electronic payment systems provider, but will remain NebuAd's chairman of the board.

The House Energy and Commerce Committee this summer opened an inquiry into online advertising and privacy, focusing in part on tests conducted by Internet companies using NebuAd. Many of those tests were carried out without consumers' prior, explicit consent.
The outcry among lawmakers, consumers and privacy advocates led at least seven companies to suspend or cancel partnerships with NebuAd, including The Washington Post Co.'s Cable One, with some saying they would hold off until privacy concerns are addressed.

"The sense I get is the air is out of the tires as it relates to targeted advertising through deep-packet inspection," said Robb Topolski, a technology consultant. "The users have made it very clear that they don't want any part of ISP monitoring regimes that watch everything they do and say on the Internet."

Jeffrey Chester, executive director of the Center for Digital Democracy, said that NebuAd "seriously underestimated the privacy concerns."

NebuAd is not the only company in the United States to experiment with the technology, though it was the most high-profile. NebuAd's president, Kira Makagon, will become chief executive. She will attempt to expand the firm's advertising systems "across more traditional channels," McGraw said.