

“Field of memes”

BY ESTHER DYSON

MSpoke began its life in 2002 as Peak Strategy, a developer of predictive models for Wall Street traders, a community not known for its consumer orientation. But as founder Dean Thompson and early investor Dave Mawhinney decided to scale up the business last year, they came to the completely rational yet counterintuitive conclusion that the largest customer base was individuals. The problem with traders is that there are relatively few of them, and a couple of predictions go a long way when you're trading billions of dollars. The returns to the algorithm providers, unsurprisingly, are small.

By contrast, if you could scale to millions of specific predictions on behalf of millions of consumers, you might have an interesting business. That's what Thompson and CEO Mawhinney are now building. Thompson was formerly a researcher at Carnegie-Mellon and co-founder of fault-tolerant transaction-software vendor Transarc (sold to IBM); Mawhinney co-founded Industry.net, among other startups.

The company's new business unit, called mSpoke, uses a platform called the mPower Adaptive Personalization Engine, which interacts with content-management and ad serving tools and manages personalization for each registered end-user. MSpoke sells to online publishers who want to allow users to manage their own content and ad preferences.

The business as it appears to users is basically a transparent version of what normally hides under the covers. Their preferences are derived from their behavior (primarily click-throughs and other expressions of interest) and represented in expressions visible to the user that mSpoke calls “memes.” (You could call them second-generation tags.) A meme can be simple or complex, such as “comes from NY Times most e-mailed” or “was read by at least two of your friends,” or “has the keyword ‘Dick Cheney,’ which was hot today in the news feeds you prefer.”

Thus Juan will see a story about Eos Airlines with an ad for an iPod bodysuit, while Alice sees a story about AIDS prevention in Africa with an ad for Cingular's new Follow-Him™ boyfriend locator. But now Juan and Alice can click on any item (ad or content) and see why they got it: Juan recently read a story about United Airlines' reemergence from its fourth bankruptcy and has expressed an interest in knowing about the devices his friends buy, whereas Alice regularly reads about humanitarian causes and recently purchased a new SonyOla Razr through Cingular. Then they can edit, adjust the weighting or delete their memes: Alice is planning to cancel her Cingular account and doesn't want any more messages from the company. Furthermore, she'd like to read some good news for a change, and she modifies her preferences to exclude AIDS. Next time she'll see a story about educational reforms in Chile.

Depending on the implementation, Juan and Alice can also specify the individuals or communities with which they wish to share their memes (in both directions) and the level of visibility.

{continued on page 2}

MSpoke's direct customers are online publishers, who buy the service in two forms. In the first offering, large publishers license the mPower engine and integrate it into their existing content-management and ad-serving systems. Behind the scenes, mSpoke indexes and classifies the site's content as it's generated. MSpoke's first big name customer is CMP Media's Information Week website, which will license the mPower Engine to personalize content and ads for its 547,000 unique monthly readers. The business model is an up-front integration fee plus shared ad revenues.

"The ad and content targeting must balance the goals of the user and the publisher," says Thompson. The ads come from the site's inventory of ads and follow the publisher's rules, such as "Show this ad to at least X number of visitors." Within those constraints, the user's memes drive the choice of advertising. Accordingly, says Thompson, "The template we provide to our publisher customers includes a statement at the bottom of the list of memes for each ad, which says essentially, 'Hey, we tried to show you relevant ads, but if we can't find any, we still are going to show you some ads to enable us to show the content at no charge'."

In the second offering, niche publishers, bloggers and other long-tail content providers who don't want to manage their own ads or dynamic content selection can subscribe to a hosted, turnkey solution called mSpoke OnDemand. In this model, they offer their readers a link to a hosted site (which maintains the publisher's look/feel/branding) where the selection and display of the content is personalized for their readers. If they want, the bloggers can also create their own memes at mSpoke OnDemand and let their readers share them. And then, in the virtuous cycle mSpoke hopes to create, each reader can use his own memes across all the mSpoke sites or pages he visits. One prospect for this service runs training for salespeople at a large IT vendor. He plans to lead the group in building a set of memes for following the activities of the company's customers and competitors.

A meme by any other name. It's amazing how calling these things "memes" rather than "metadata" or "algorithmic preference rankings" – and making them visible – can change the tone of the offering. MSpoke's memes are an arbitrary combination of metadata, and can include tags, user behavior data, explicit preferences, demographic information and content-publishers' tags, keywords or categorizations. The concept is almost infinitely extensible. There's no reason a meme couldn't include item-specific price ranges (expensive = "camera > \$500" or "hotel > \$200 except in Washington where it's hotel > \$350"), geographical indicators or anything else that could specify or filter content and ads.

The trick will be to set the right defaults between guessing and asking, so that users feel they are tuning their own system rather than doing a lot of work for no apparent gain. MSpoke has a taxonomy of interests, so that, for example, someone interested in Google is presumed to be interested in search, or someone interested in Porsches is presumed to be interested in cars. If the system's presumption is wrong, the cakemix principle applies. The user can fix it by editing the memes: No, I'm not interested in cars; I'm interested in German manufacturers.

No doubt "meme leaders" will emerge – that is, people who develop memes that others adopt. Someday, perhaps, memes will be traded on eBay 2.0.