

**Prepared Testimony of Verizon Executive Vice President Thomas J. Tauke  
U.S. Senate Committee on Commerce, Science and Transportation  
“Broadband Providers and Consumer Privacy”  
Thursday, September 25, 2008**

**Chairman Inouye, Ranking Member Hutchison and Members of the Committee: thank you for the opportunity to discuss the important concerns and perspectives surrounding consumer privacy in the area of online advertising.**

**Today, more than 60 million American homes are connected to the Internet via broadband, and the wide range of content, services, and applications online – most offered for free – draws more people online every day.**

**While Verizon does not rely on online advertising as a significant source of revenue, we recognize that it has been a key business model that has helped make the Internet a growth engine for the U.S. economy.**

**Yet, using consumers’ web-surfing data to foster targeted online advertising raises complex and important issues surrounding online privacy. Consumers and policy makers want to understand what personal information is being collected and used for advertising purposes. They want to know what privacy and consumer protections are in place, and what choices are available to participate – or not – in behavioral advertising models.**

**In a rapidly changing and innovative environment like the Internet, maintaining consumer trust is essential. It is critical that consumers understand what forms of targeted online advertising their service**

providers and favorite websites employ. If certain practices cause consumers to believe that their privacy will not be protected, or their preferences won't be respected, they will be less likely to trust their online services, and the tremendous power of the Internet to benefit consumers will be diminished. So, maintaining consumer trust in the online experience is critical to the future success of the Internet.

With that in mind, let me begin by describing the online advertising techniques Verizon uses today over its wireline networks.

Verizon's online advertising involves the practices commonly accepted throughout the Internet, such as the use of cookies or ad delivery servers to provide advertising that is limited to users of Verizon's own services or websites. We also provide ad-supported search results to help consumers find the websites they are looking for when they mistype an address. These practices, which are neither new nor unique, improve consumers' interaction with our websites and services, and increase the relevance of the advertising displayed to our customers or to visitors of our sites.

One technology that has received attention of late is "packet inspection." To be clear, Verizon has not used – and does not use – packet inspection technology to target advertising to customers, and we have not deployed the technology in our wireline network for such purposes.

Packet inspection can be a helpful engineering tool to manage network traffic and enable online services and applications consumers may wish to use. The perceived problem with "packet inspection" is not the technology. Many useful technologies can be used for nefarious purposes.

**The problem arises if packet inspection is used to inappropriately track customers' online activity without their knowledge and consent and invade their personal privacy.**

**In fact, any technology that is used to track and collect consumer online behavior for the purposes of targeted advertising – regardless of which company is doing the collecting – should only be used with the customer's knowledge and consent in accordance with the law, a company's specific privacy policies, and the privacy principles outlined below.**

**Protecting our customers' privacy has long been, and will continue to be, a priority at Verizon. We are committed to maintaining strong and meaningful privacy protections for consumers in this era of rapidly changing technological advances. We are strong proponents of transparency and believe that consumers are entitled to know what kinds of information we collect and use, and should have ready access to effective tools that allow them to control the use of that information.**

**At Verizon we have worked to craft – and communicate to our customers – responsible policies aimed at protecting online privacy.**

**We can commit – and believe that all companies should commit – to a set of best practices in the area of online behavioral advertising. The principles and best practices should apply to all online companies regardless of their technology or the platform used. The principles underlying the consumer protection practices we support are these:**

**First, meaningful consent.**

Verizon believes that before a company captures certain Internet-usage data for targeted or customized advertising purposes, it should obtain meaningful, affirmative consent from consumers. Meaningful consent requires: 1) transparency, 2) affirmative choice, and 3) consumer control.

Transparency involves conspicuous, clearly explained disclosure to consumers as to what types of data are collected and for what purpose that data is being used, how that data is retained and for how long, and who is permitted access to the data.

Consumers would then be able to use these clear explanations to make an affirmative choice that their information can be collected and used for online behavioral advertising. Importantly, a consumer's failure to consent should mean that there is no collection and use of that consumer's information for online behaviorally targeted advertising based on tracking of the consumer's Internet usage.

Finally, consumer control means that consumers have an ongoing opportunity to make a different choice about behavioral advertising. In other words, should consumers at some later time choose not to participate in the behavioral advertising, there are equally clear and easy-to-use instructions to make that change. That preference should remain in effect unless and until the consumer changes it.

**Second, security practices.**

Any company engaged in tracking and collecting consumer online behavioral information must have appropriate access, security, and

technological controls to guard against unauthorized access to any personal information.

**Third, safeguards for sensitive information.**

Special attention must be given to the protection of information of a sensitive nature (e.g., accessing medical web sites). This information should not be collected and used for online behavioral advertising unless specific, affirmative consent, and customer controls are in place to limit such use. Specific policies may be necessary to deal with this type of information.

Consistent with our long-standing policies and practices, Verizon also believes that the content of communications, such as e-mail, instant messages, or VoIP calls, should not be used, analyzed, or disclosed for purposes of Internet-based targeted advertising.

**Fourth, certification.**

It is critical that all participants in online advertising – ad networks, publishers, search engines, Internet service providers, browser developers and other application providers – commit to these common sense principles and best practices through a broad-based, third party coalition. To achieve this, we plan to work with stakeholders in the Internet and advertising arenas, including other companies, industry groups and policy organizations.

The focus of this coalition and the principles should be the protection of consumers, not the technology or applications that happen to enable the data collection. Widespread and uniform adoption of principles will greatly enhance the public trust, address expressed privacy concerns

**regarding web tracking practices, and serve as a foundation for further discussion with policy makers and consumer groups.**

**We believe that companies engaged in online behavioral advertising should agree to participate in a credible, third-party certification process to demonstrate to consumers that they are doing what they say with regard to the collection and use of information for online behavioral advertising. This process would confirm that companies are complying with and respecting consumers' expressed choices regarding such data collection.**

**We believe a framework such as this is a rational approach that protects consumer privacy, while allowing the market for Internet advertising and its related products and services to grow.**

**Should a company fail to comply with these principles, we believe the Federal Trade Commission has authority over abuses in the privacy area and can take appropriate measures against companies that intentionally violate applicable consumer protection laws.**

**We hope to use the next few months to work with all players in the Internet space to create and agree to live by industry best practices for online advertising.**

**Thank you.**