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OPEN LETTER TO THE EDITOR FROM STEVE JOHNSON

Netflix: May We Recommend a Better Solution?

As reported this week, Netflix has put the call out for a few good recommendations. With its one million-dollar prize offering, the online DVD rental service has thrust the importance of personalization and recommendations into the limelight. I applaud Netflix for motivating creative minds to think of new, innovative approaches to personalizing the consumer's experience. But, what you may not know is that what Netflix seeks—accurate recommendations that provide more relevant DVD choices to its members—already exists.

Netflix's cry for help sends two clear messages. First, it identifies what has become a monumental challenge for content providers and retailers—helping their consumers find what they want when faced with an overwhelming number of choices. Second, it acknowledges that collaborative filtering—the approach Netflix uses—isn't good enough.

Consumers now expect that their trusted providers will help them find the movies and music that reflect their unique tastes and interests, a need that Netflix clearly appreciates. The \$1 million bounty implies that Netflix also understands the difficulty of building an accurate recommendation system that achieves the ultimate prize— *customer loyalty*. ChoiceStream is in the personalization business and I can say from experience that developing truly effective personalization solutions that do a better job than old-style collaborative filtering approaches requires more than a one-time investment of \$1 million.

The good news is that after Amazon introduced the world to collaborative filtering through its 'other people also enjoyed...' recommendations in 1999, the world— including Amazon—quickly began working on improvements. ChoiceStream, for one, has been successfully delivering relevant content to MILLIONS of consumers each day for the world's largest brands—including Yahoo!, AOL and many others. The *magic* sought by Netflix is already available. In fact, we invest millions of dollars in improving it every year and that is good news for consumers.

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