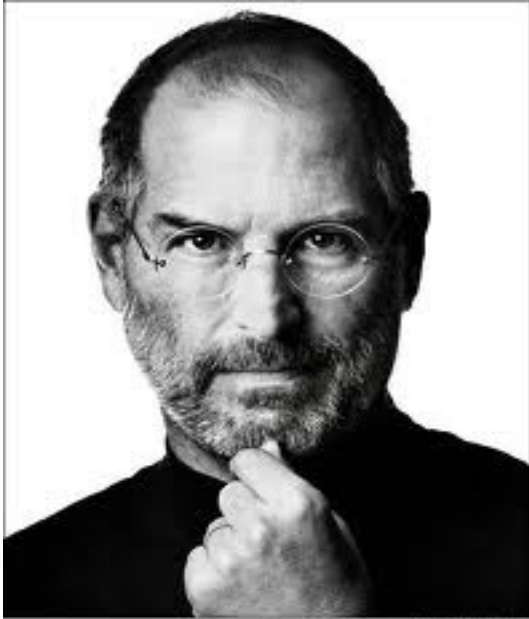




Hidden **Cost** of **FREE**



“Here’s to the crazy ones. The rebels. The troublemakers. The ones who see things differently. While some may see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world, are the ones who do.”



Hidden **Cost** of **FREE**

Doing it for FREE
Online



Part 2



Hidden Cost of FREE

Everything is moving Online



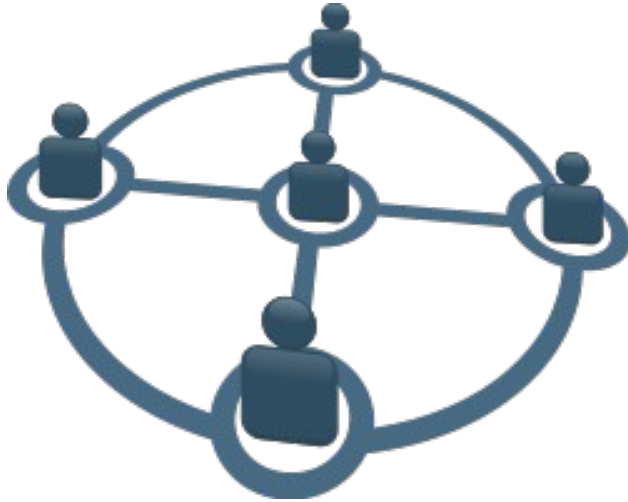
- News and Information
- Conversations
- Music, TV, Movies, Books,
- Banking and Financial Services (e.g. stock trading)
- Reference Material
- Public Records
- Expert Opinions and Analysis
- Pictures and Art
- Telephone connection
- Meetings and gatherings
- Games
- Stores and Marketplaces
- Real Estate
- Items and Inventory
- Maps and Location information
- Traveling
- Mail

Why ?



Hidden Cost of FREE

World wide audience



Network with people
all over the world



Customers from
all over the world



Almost FREE !!!





Hidden **Cost** of **FREE**

Production costs are still *not free* !



Companies want to make money *on their investment*



Hidden Cost of FREE

Tons of free content and services



Almost FREE !!!





Hidden Cost of FREE

3 Types of FREE (no cost) Websites



Supported
with
Donations

Supported with
Premium
Services
(in-App Purchases)

Supported
with
Advertising



Hidden **Cost** of **FREE**

3 Types of FREE (no cost) Websites



Supported
with
Donations

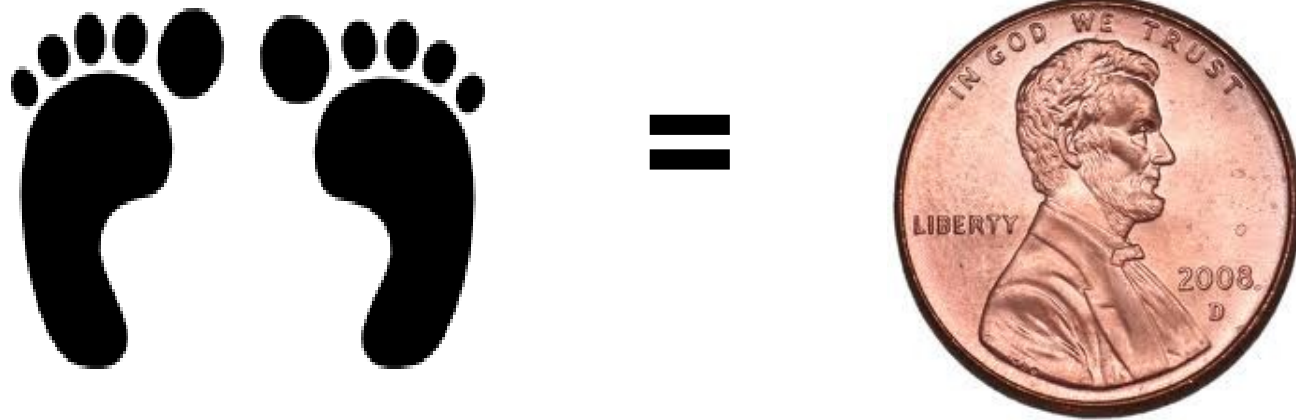
Supported with
Premium
Services
(in-App Purchases)

Supported
with
Advertising



Hidden **Cost** of **FREE**

Your personal information has value



You exchanged personal information for a online service or digital content.

YOU are the product for online companies!



Hidden **Cost** of **FREE**

Gathering Information in exchange for FREE

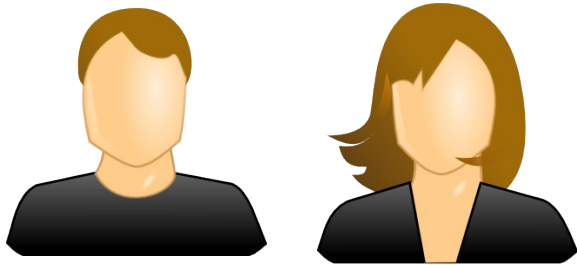


Deeper and Broader than you Imagine



Hidden **Cost** of **FREE**

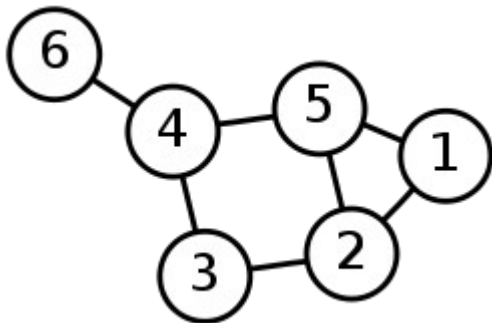
Your Personal Information is valuable



Who you are ?



What you do ?



*How you relate to
the world around
you?*



Hidden Cost of FREE

No such thing as being anonymous



Internet Providers



Web Browsers



Applications



Devices



Your Personal Information (P.I.) is everywhere





Hidden **Cost** of **FREE**

FREE Gathering of Information



Opt-In Gathering (Freely Given)

Posted Information



Scrutinize Gathering (Freely Observed)

Facebook, Cookies, Keyword Advertising



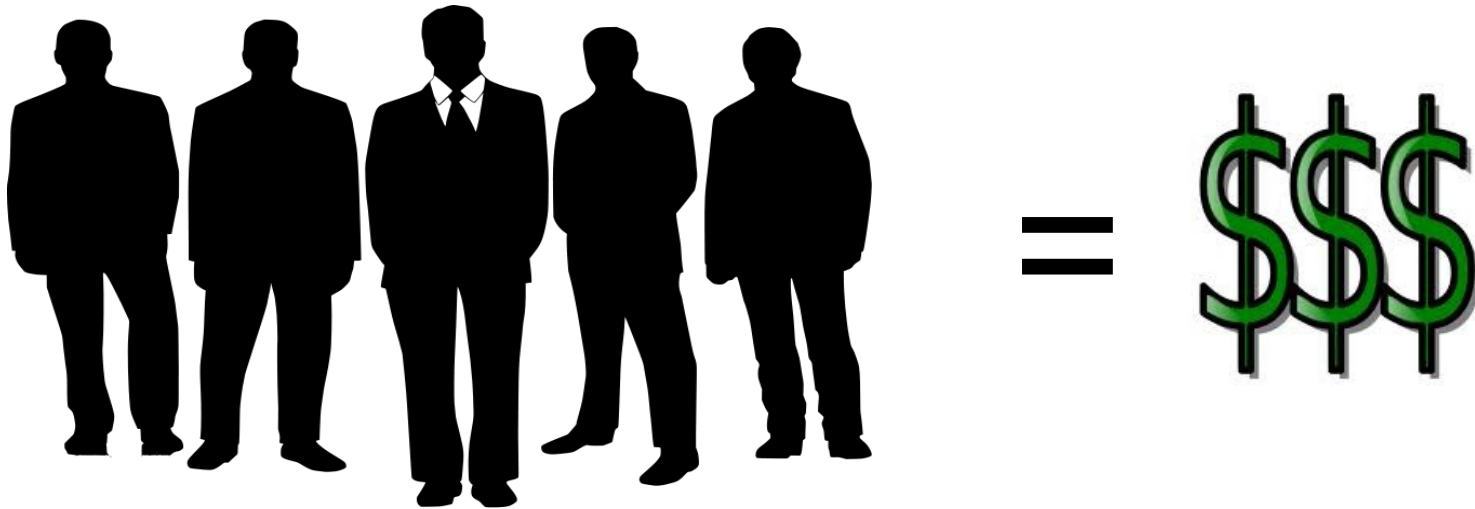
Dubious Gathering (Freely Taken)

Location Information, Third-party cookies, share P.I.I, required to Opt-Out



Hidden **Cost** of **FREE**

FREE Gathering of Information



**Who is collecting your information ?
What they are doing with this information?
Why do you care?**



Hidden Cost of FREE

Personal Information is not new !!



=



Advertising profiling is now more personal and more complete



Hidden Cost of FREE

Personal Information is is exchanged for discount





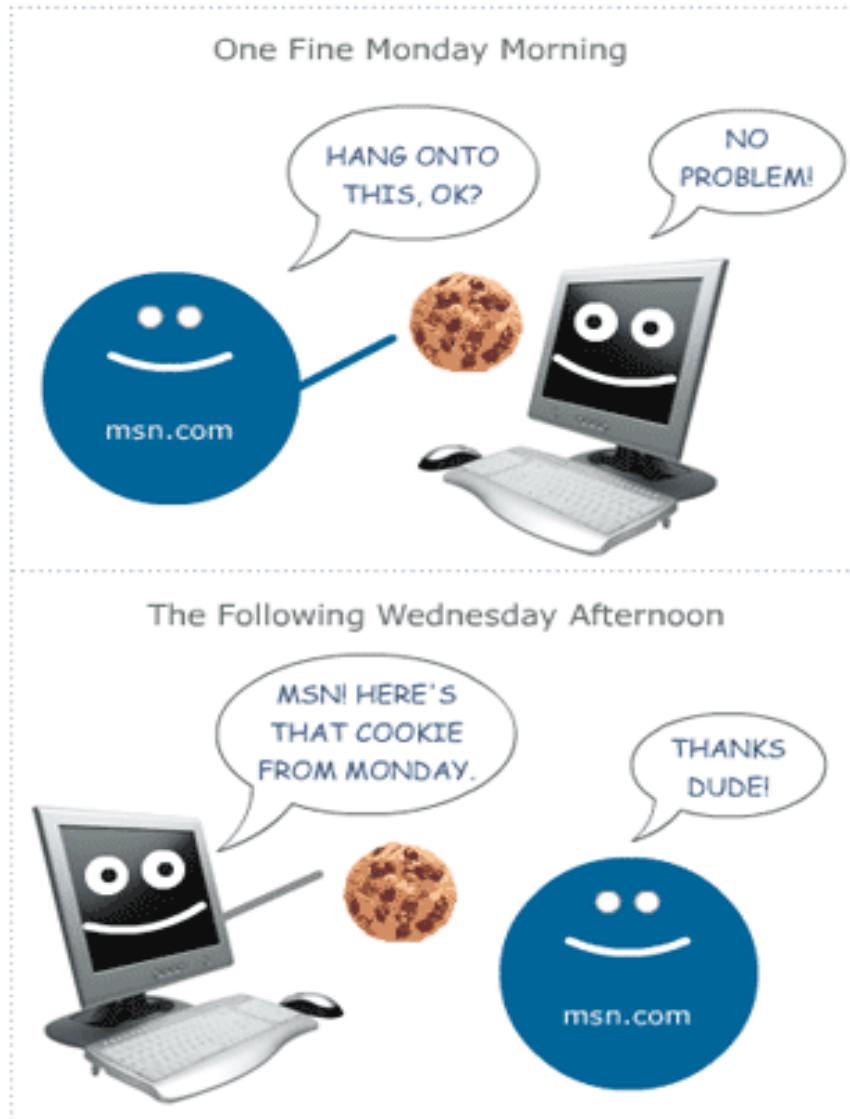
Hidden Cost of FREE

How Cookies Work

- Username
- Password
- Shopping cart
- Previously viewed content

3rd Party Cookies

- Do not come from the domain in the address bar





Hidden Cost of FREE

Cross Site Scripting

Options...
x

Scripts Currently Forbidden | <SCRIPT>: 44 | <OBJECT>: 0

Options...

- Show message about blocked scripts
- Place message at the bottom
- Audio feedback when scripts are blocked

S Allow Scripts Globally (dangerous)

S Allow all this page

S Temporarily allow all this page

S Recently blocked sites

S Untrusted

S Allow thebrighttag.com

S Temporarily allow thebrighttag.com

S Allow btstatic.com

S Temporarily allow btstatic.com

S Allow shld.net

S Temporarily allow shld.net

S Allow kmart.com

S Temporarily allow kmart.com



Hidden **Cost** of **FREE**

How Google = FREE



Google™

Google gives away their products and services for FREE instead of selling to consumers directly!



Hidden Cost of FREE

How Google = FREE



Google Docs



Google Chrome



Your two cents
worth of information





Hidden Cost of FREE

How Google = FREE



Money made by giving services away to consumers

2010 Revenue : \$29,321,000,000

2009 Revenue : \$23,651,000,000

2008 Revenue : \$21,795,550,000

<http://investor.google.com/financial/tables.html>



Hidden **Cost** of **FREE**

Opt-In : Provide Google with information



Puppy

Google's Watching

Always Watching



Name	<input type="text"/>
Second name	<input type="text"/>
Initials	<input type="text"/>
Address	<input type="text"/>
Tel	<input type="text"/>
Email	<input type="text"/>

You give Google some information (puppy) in exchange for list of websites whose content is about the information you seek (puppies)



Hidden **Cost** of **FREE**



is interested in



Are you interested in ?

- Puppies for sale
- Puppies names
- Learning about puppies
- Cute puppy pictures
- A friend's puppy video
- Puppy Linux



Hidden Cost of FREE



Scrutinized = Google Analytics

~ 1/2 of top 1,000,000 websites use the G.A. service
http://en.wikipedia.org/wiki/Google_Analytics



+You Web Images Videos Maps News Gmail More -

Google puppy

Search About 212,000,000 results (0.10 seconds)

Everything

Images

Maps

Videos

News

Shopping

More

Miami, FL
Change location

Any time
Past hour
Past 24 hours
Past 4 days
Past week
Past month
Past year
Custom range...

All results
Sites with images
Related searches
More search tools

Puppy Linux Community - Home
puppylinux.org/
Puppy Linux Community Home - Overview and getting started.

Puppies for Sale, Dogs for Sale and Dog Breeders
www.puppyfind.com/
Directory of dog breeders with puppies for sale and dogs for adoption. Find the right breed, and the perfect puppy at PuppyFind.com.
Member Login - Find a Puppy - English Bulldog Puppies for Sale - Great Dane

Puppies, Cute Puppy Names, Pictures of Puppies & More | Daily ...
www.dailypuppy.com/
Find cute puppy pictures and videos. Learn how to care for and train puppies. Submit your puppy to be the daily puppy, create profiles for you and your dogs and ...
Pupfolio - More Puppies - Photos - New! - Forum

Puppy - Wikipedia, the free encyclopedia
en.wikipedia.org/wiki/Puppy
A puppy is a juvenile dog. Some puppies may weigh 1–3 lb (0.45–1.4 kg), while larger ones can weigh up to 15–23 lb (6.8–10 kg). All healthy puppies grow ...

Images for puppy - Report images

Welcome to PuppyFinder.com - The Most Comprehensive Online ...
www.puppyfinder.com/
PuppyFinder.com - The most comprehensive online resource for finding and raising a puppy! This easy-to-use resource has something for everyone, from puppy ...

Puppy Linux
www.puppylinux.com/
tech, Technical - How to install Puppy - Developer section - links - Download and links - Download Puppy - Other Puppy sites on the web ...

cute puppy - YouTube
www.youtube.com/watch?v=KBSOeUCzefQ
Feb 4, 2006 - 3 min - Uploaded by kiricybo
that puppy will suffer from spontaneous combustion in 74 hours.
TrololololololXD 1 week ago. this isnt cute! hakera4ence 1 week ago
in ...

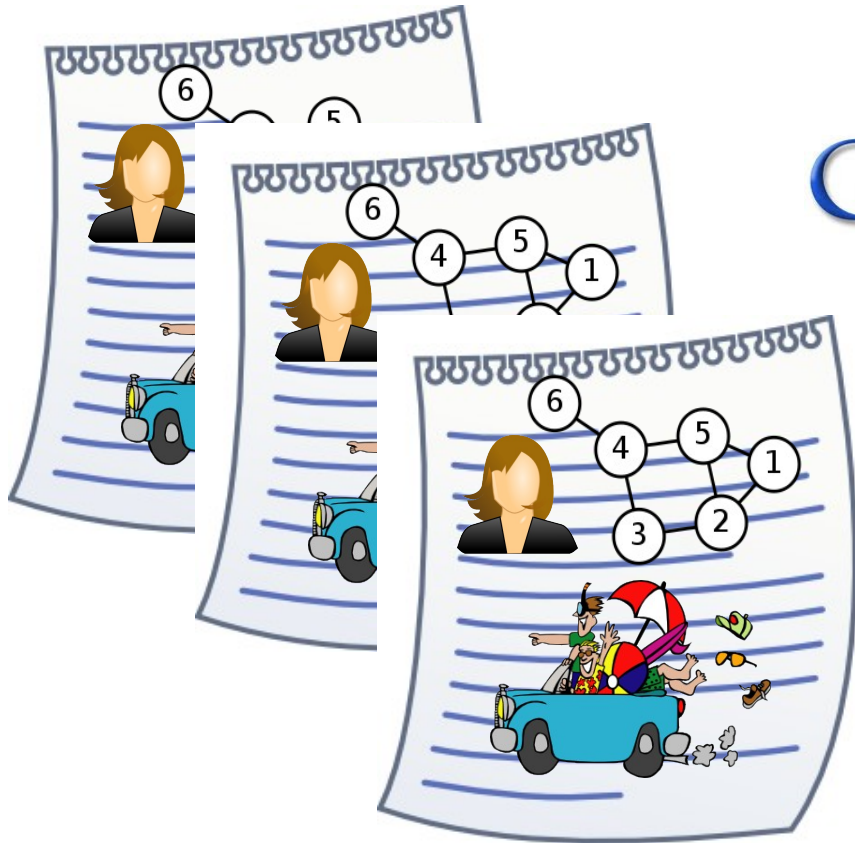




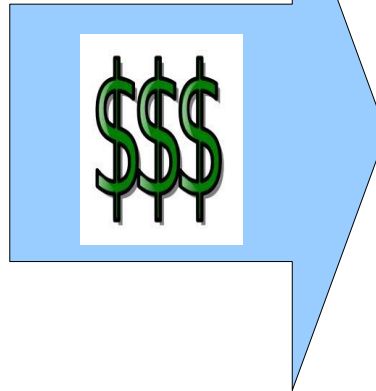
Hidden Cost of FREE



Dubious



Google™



These guys now know you have new puppy, and many more things about you.

Your Online Profile



Hidden **Cost** of **FREE**

Google™



Opt-In



Scrutinized



Dubious



Hidden Cost of FREE

3 Types of FREE (no cost) Websites



**Supported
with
Donations**



**Supported with
Premium
Services
(in-App Purchases)**



**Supported
with
Advertising**



Hidden **Cost** of **FREE**

How Wikipedia = FREE



WIKIPEDIA
The Free Encyclopedia

5th most visited website on the Internet

2009 - \$8,000,000 USD in fund-raising

2010 - \$13,000,000 USD in fund-raising

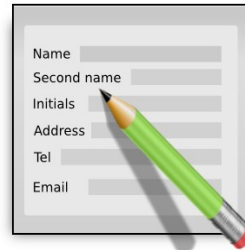


Hidden Cost of FREE

How Wikipedia = FREE



WIKIPEDIA
The Free Encyclopedia



Opt-In



Scrutinized



Dubious

Privacy Policy of Wikipedia

“Except as described above, (to resolve an issue or required by law) Wikimedia policy does not permit distribution of personally identifiable information under any circumstances.”

http://wikimediafoundation.org/wiki/Privacy_policy



Hidden Cost of FREE

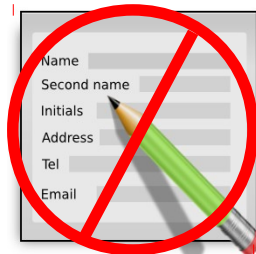
Apple has a history of gathering your information



Apple and our partners and licensees may collect, use, and share precise location data, including the real-time geographic location of your Apple computer or device.

iTunes License agreement

If you Opt-Out, then iTunes stops working



Opt-In



Scrutinized



Dubious



Hidden Cost of FREE



How Apple = FREE



**Built in to Apple Apps
requires to Opt-Out**

*"Keeping these devices in sync is driving us crazy," he said. "We have a great solution for this problem. We are going to demote the PC to just be a device. We are going to move the digital hub, the center of your digital life, into the cloud."
Steve Jobs (WWDC 2011)*



Opt-In



Scrutinized



Dubious



Hidden Cost of FREE

3 Types of FREE (no cost) Websites



Supported
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Supported
with
Advertising



Hidden **Cost** of **FREE**

Free Alternatives to iCloud

Spotify



You Tube

hulu

YouTube mp3



Hidden **Cost** of **FREE**

Free Alternatives to iCloud



Shares which music you are listening to automatically with your Facebook friends



Uses P2P technology to offset their bandwidth costs



Opt-In



Scrutinized



Dubious



Hidden Cost of FREE

In-App Purchasing

33% of the top 100 grossing revenue apps of 2010 for the iPhone are FREE !

1.34% of uses in-app purchases



Why charge a one-time fee of \$0.99 when you can sell more inside the game



Hidden Cost of FREE

Virtual Items



World Bank: \$3 Billion Virtual Economy



Earned \$850 million in revenue in 2010



13% of Internet users purchased virtual goods in 2010



Hidden Cost of FREE



2009: Crystal Palace Space Station
\$330,000 USD



2010 : Entropia Universe property
including seven domes, a
stadium, a mall, a club, and more.
\$335,000 USD

Companies can give away
applications/content by offering
virtual items for sale





Hidden Cost of FREE

In App Purchases



Opt-In



Scrutinized



Dubious

Read the privacy policy if you have concerns about your personal information being shared



Hidden **Cost** of **FREE**

3 Types of FREE (no cost) Websites

Supported
with
Donations

Supported with
Premium
Services
(in-App Purchases)

Supported
with
Advertising



Opt-In



Scrutinized



Dubious



Hidden Cost of FREE

Summary

- Cost of digital content or services per user is almost zero
 - *Still cost something to create the content*
- Most online companies receive money by either
 - *Donations,*
 - *Premium services*
 - *Advertising*
- All websites collect information
 - *Read the privacy policy*
 - *Assume that everything is public*
 - *Apple, Facebook and others make it hard to Opt-Out*
- In-App purchasing
 - *Future revenue model for application*



Hidden **Cost** of **FREE**

Questions & Answers