

Testimony Submitted to the
Subcommittee on Digital Commerce and Consumer Protection
of the U.S. House of Representatives Energy and Commerce Committee

“Review of Emerging Tech’s Impact on Retail Operations and Logistics.”

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Jonathan E. Johnson III
Board of Directors, Overstock.com, Inc.

I appreciate the Subcommittee taking time to learn about new technologies and what laws and regulations stand in the way of their deployment and adoption.

Overstock.com is a technology leader in the ecommerce industry. To this end, we incorporate two principal business tenants: (1) it’s all about customer experience, and (2) customer experience improves when decisions are made at the knowledge frontier.

Because knowledge is costly to centralize, we prefer self-organizing systems and free market solutions. This can often be done in low-tech, old-school ways. For example, Overstock became a consistent award winning customer service organization when we adopted the credo “the customer deserves justice” and allowed our customer service representatives the latitude determine what justice was for each customer.

However, in an ever-advancing world where technology, innovation and consumer expectations quickly evolve, we are also constantly incorporating new technology into our business model to improve customer experience. Much of this technology empowers our customers or those working directly with them to make informed decisions.

Let me provide four current examples:

Mobile app. Overstock’s current award-winning mobile app incorporates the latest technology to increase its speed. We have learned that every 100 milliseconds of average page load time decreases the conversion rate by 1%. Faster page rendering allows customers to browse the site with ease. We have also launched an augmented reality (AR) tool on our IOS mobile app. This tool lets our customers use their phones to visualize accurately our products (e.g., a sofa) in a true-to-life 3D model in the location they would use it (e.g., their living room) with the exact dimensions, colors and other product attributes. This allows our customers to make more informed decisions. Importantly, the AR tool was the idea of one our IT developers borne out of his personal desire to improve the mobile shopping experience; it was not conceived and directed by senior management.

Personalization technology. Both our website and our digital ads are highly personalized for each customer based on their past search, browsing and shopping experiences. For example, if two customers search for a red couch on our website, each receive different content based on past browsing. This technology understands each customer’s style preferences and incorporates

these preferences into search results and served pages. It uses customer feedback loops to increase personalization, which in turn has increased our shopping conversion rate. Importantly, this technology was developed during a developer hack-a-thon in which our developers could work on projects they thought most important to the business; again, it was not conceived and directed by senior management.

Large Item Shipping. Overstock is an ecommerce industry leader in shipping large furniture items without damage. We do this by using state-of-the-art technology in manufacturing, packaging, and shipping. These technologies include designing products that are less prone to in-transit damage, package optimization such as use of tailored boxes and breaking less-than-load-only products into UPS-shippable products, and geographical warehouse sorting. Again, many of these innovations were suggested by sourcing and warehouse employees most familiar with the problems of shipping large items.

Cryptocurrencies and blockchain technology. In January 2014, Overstock became the first major retailer to accept bitcoin. We now accept nearly fifty different cryptocurrencies. This calendar year, our weekly volume of cryptocurrency revenue has ranged between \$98k and \$256k. While this is a miniscule percentage of our revenue, it is a growing percentage. Overstock has also created a wholly-owned subsidiary Medici Ventures with the aim of advancing blockchain technology to (1) democratize capital to allow everyone, including the poorest members of society, to participate in local, national, and global markets, (2) eliminate middlemen which add unnecessary time, difficulty, and cost to transactions, and (3) re-humanize commerce as people connect directly with each other.

Again, thank you for this opportunity to testify before the Subcommittee. I look forward to answering your questions.