Approximate Transcript of a presentation by John Delaney to The Conference on Corporate Applications of Prediction/Information Markets held at Kauffman Foundation Conference Center, Kansas City, MO on Thursday, 1 November 2007.

Good afternoon all. It is a pleasure to be with you virtually and I would like to thank on behalf of myself and the recently founded Prediction Market Industry Association Prof Koleman Strumpf http://people.ku.edu/~cigar/ for organising this event and facilitating my attendance. Thanks Koleman!

This short presentation will contain little new for prediction market aficionados'. Koleman let me know most people in attendance are relatively new to prediction markets and I have prepared this presentation with that in mind.

The title of the presentation is "Who We[Intrade] Are & What We Do" so let me tell you all a little about who we are and what we do.

Who and What is Intrade?

Intrade is an Irish incorporated service business. Originally incorporated here in 1999, Intrade.com went live in 2001. Also in 2001 we launched our first marketplace for a client, Yahoo! UK.

Our mission is to provide the best trading, information and PM services to our target market. Our target market is real- and play-money traders, and users of PM data and services

Our team has almost 80 years combined experience in prediction markets. Eighty years combined experience may be more than any other little group on the planet which means we should have made most of the mistakes by now, and we expect and hope others wont make them again. Intrade.com is considered, thanks to the support of so many, to be the leading prediction market platform.

What We Do

Next I would like to tell you a little more about the services that Intrade offer.

We strive to provide the best marketplaces and predictive information services bar none. We don't always succeed but we do always try hard.

Many people use our marketplaces, intrade.com and others, for trading and profit opportunities (including hedging).

Others use our marketplaces for excitement, learning how to trade, to gain predictive insights, or occasionally assess the trading abilities of others.

You will all be familiar with the mainstream prediction market services provided by various vendors including Intrade but let me tell you about a very exciting service we also provide.

A large NYC hedge fund opens a corporate account on Intrade.com each year that has 10 sub-accounts. Each new MBA intern at that firm is assigned one of the sub accounts. Their trading performance is reviewed by their superiors and that performance plays *some* role in the decision to retain the intern or not. Extending the above example, a large financial firm could deploy an internal private market for its employees to learn to trade or deploy a market to learn things from trading. We call these markets "predictive". How well a participant does is some measure of how well they can predict – this is very valuable information.

There are many examples of how others use predictive markets such as to predict key performance indicators (as discussed by others here today). I will not dwell on those examples other then to say any tool that can be deployed to help better price "assets" and allocate resources more effectively is good for us all.

So intrade provides marketplaces. The use that people make of those marketplaces is very broad and growing.

We also provide information. Some of that information is free. Other information is supplied for a fee.

In essence, Intrade helps people get their maximum utility from the fantastic opportunity that comes from using a prediction market.

Example "Customers"

Let me give you a couple of examples of our "customers" and what we do for them.

1. Our current public marketplaces include Intrade.com, FTPredict.com, National Journal, RealClearPolitics, and Rasmussen Reports. Previously we operated markets for others including Yahoo! These marketplaces increase page views, content for editorial, community, user stickieness, average time on a site, and therefore increased advertising revenue. In a nutshell, we help these customers increase the value of their business.

2. Private Market places – As these are private their names can not be disclosed, but we have supplied private market places to a number of industry sectors including consulting, raw materials, media and petrochemicals. These marketplaces help our customers consider things that are important to them.

3. Our market data customers – people who want to acquire the intelligence from the Intrade market place – include governments, central banks, investment houses, universities, US Navy, private traders, consultancies, and public individuals. For example we have supplied market data to staffers from 7 Federal Reserve Districts, over 50 major universities and graduate schools in the US, the ECB, Cato, Bank of Japan, FOMC in the UK, Bank of England, and major and boutique Wall Street firms.

4. Our customers all have one thing in common, they all want access to the best darn predictive information in the world. Our aim is to provide this. One major caveat – markets, ours included, do not always get it right. No market gets it right 100% of the time. However our marketplaces will extract or aggregate information that sometimes is either not previously transparent or even in the public domain. Examples include the capture of Saddam Hussein – our market "spoke" to the fact 2 days before there was any public information. We saw similar phenomena with Rumsfeld resigning and Harriet Myers.

If you want better information on uncertain future events a prediction market can almost certainly help!

Users of Our Information

Here is a list of just 50 or so of the many media businesses that have used our prediction market data...

1. ABCNEWS.com
2. Bahrain Tribune
3. Baltimore Sun
4. Barron's
5. BBC News
6. Bloomberg
7. Boston Globe
8. Business Week
9. CBS
10. Chicago Sun Times
11. Chicago Tribune
12. Cincinnati Enquirer
13. CNBC
14. CNN

15. Dallas Morning News
16. Dow Jones
17. Forbes
18. Fox News
19. Houston Chronicle
20. International Herald Tribune
21. Irish Times
22. Johannesburg Star
23. Kansas City Star
24. London Telegraph
25. London Times
26. Los Angeles Times
27. Minneapolis-St. Paul Star Tribune
28. New York Daily News
29. New York Post
30. New York Times
31. NPR Online
32. Pittsburgh Tribune-Review
33. Reuters
34. Rocky Mountain News
35. S. China Morn. Post
36. San Francisco Chronicle
37. Seattle Times
38. St. Petersburg Times
39. Tampa Tribune
40. The FT
41. The Times (London)
42. Times of India
43. Toronto Star
44. USA Today
45. USA Today World
46. Virginian-Pilot, The
47. Wall Street Journal
48. Washington Post
49. Washington Times
50. Yahoo!

If you are undecided whether to deploy a prediction market within your organisation please consider the facts that…

1. Markets have proved to be more accurate then opinion polls or expert views – the famous "wisdom of crowds".
2. If global business leaders like Google, Microsoft, HP and media organisations use our prediction market data it is a very robust endorsement of the power of prediction markets.

Can "We" Help You?

Let me now focus my attention on how "we" may be able to help you if you are considering implementing a prediction market.

Firstly when I say "we" I mean all those offering prediction market tools and not just Intrade.

Almost irrespective of the size or type of organisation you belong to, the probability is that a prediction market with appropriate organisational support and buy-in can give you better information on the issues that "keep you awake at night".

As well as better information, in terms of accuracy and timeliness, when you embrace prediction markets within your organisation they can increase the quantity and quality of information, communication and help you focus on the germane issues.

So a prediction market can help you aggregate your data and extract great information, increase communication, focus and even give voice to those who may not be normally so vocal.

If you are interested in deploying a prediction market…

      1. We can provide you with a private play money platform on a free trial basis.

      2. We can list markets for you on Intrade public platform – tap into our existing crowd's wisdom.

      3. We will help you in any way we can to leverage a predictive market in your organisation irrespective of whose software you use.

Prediction Markets can help in a world of data overload. Embrace them.

Learning's

During a recent conference at which I presented, I was asked to discuss the things I wish someone had told me to focus on before we started our business.

Based on that question I would like to suggest that there are at least 4 areas that you must give special attention to before you deploy your prediction market.

1. Getting a commitment from the key interested parties or stakeholders to give the market their support is crucial. To get this involve them in the formulation of the market. Wikipedia states that "obtaining buy-in" means obtaining of commitment by involved parties to a proposal, plan or strategy as an integral part of its development". Before you decide to deploy a prediction market make sure you have buy-in.

2. Similarly, make sure you have sufficient resources to make it work. This is a lot more than the resources to launch the market. The most significant resources will be time and not money.

3. There needs to be a champion who is tasked with ensuring participation. More on this later.

4. Make sure you define the markets accurately and that they are relevant. This sounds easy and usually it is, but defining the drivers of your KPI's may need a little investigation.

5. Validation. Highlight the successes and failures of your market place and also of prediction marketplaces in general. The newly formed prediction market industry association will have a register that will help with this. Also make sure your organizational stakeholders are aware of the other world-class organisations that are using prediction markets; Google, Microsoft, Yahoo and so many others.

What is Key?

But if there is one issue that should be singled out even further then it is participation.

Ladies and Gentlemen PARTICIPATION IS KEY.

Remember the movie with Kevin Costner called the Field of Dreams.

It had a tagline, "if we build it they will come".

This tagline will not apply to your prediction market!

if you have this mindset your are highly likely to be disappointed.

Do whatever it takes to get participants involved.

Some things to consider to help maximise participation in your prediction market…

1. Make it Fun – consider adding in markets that are just for fun.
2. Make it as easy as possible. The user Interface is important but not the most important.
3. Give some incentive – preferably not monetary as it will be less legally cumbersome.
4. Highlight the success stories that prove that PM's work.
5. Get HR involved early. Get support from them – to sanction employee time using the PM.

6. Provide training – on a Friday afternoon – usually not a productive time and create an association between feel good and your prediction market.

In conclusion…

PM's can probably help every organisation, entity or person. We all have a thirst or need for knowledge.

Just like Wiki's have collaboratively helped to document matters of fact, markets like Intrade are predicting the future, your future, your organisations future.

Such a pursuit is wholesome and a great public good – particularly in an era when change and uncertainty has never been greater.

Let prediction markets help you!

Q&A

Thank you.