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'Heroic' GoDaddy Defies China's Customer Data Demands



By Erika Morphy
E-Commerce Times
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GoDaddy.com's motives for standing up to China are likely very different from Google's, according to EPIC Executive Director Marc Rotenberg. GoDaddy's action "goes to the heart of privacy and China's requests for information about individuals -- something that Western companies have been uncomfortable talking about. In this respect ... it was almost heroic what it did."

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GoDaddy.com and Network Solutions have discontinued their domain name registration activities in China in the wake of stepped-up requests for detailed information on customers. The news came to light earlier this week in Congressional hearings focusing on Google's (Nasdaq: GOOG) decision to stop censoring its search results there -- and the subsequent fallout from that decision.

The domain registrars' experiences have shed additional light on the increased difficulties Internet-based companies -- or any firm that manages information about its Chinese national customers' online activities -- face in the country.

GoDaddy said it received demands for additional information about its existing customers, along with a new mandate that it provide this data for all new customers. GoDaddy contacted its existing 1,000 customers in the country to let them know it would need the additional information and why, according to testimony by general counsel Christine Jones. About 20 percent responded.

Network Solutions made a similar decision at the end of last year for similar reasons.

Changing Landscape

With Google's pullout, and now GoDaddy and Network Solutions following suit, it is easy to conclude that a new trend in U.S.-Chinese business relations is emerging.

In fact, it has been developing for some time, said Usha Haley, coauthor of *The Chinese Tao of Business*.

"Companies are realizing that their investments in China are not getting the returns that they expected," Haley told the E-Commerce Times. "They are beginning to see their ability to recoup investments as very limited, and have realized they have a lot of capital and intellectual property at stake."

If the company in question has a core competency in high tech and the provision of information, it is particularly at risk. "Those are the areas that China wants to control," Haley noted. By handing over what China wants, they give up their competitive edge, as well as becoming unwitting censors and spies for the government.

One only has to look at the data China was requesting from the domain name providers, she continued. "The government wanted its data on new registrants, which included a copy of the person's business ID, Chinese registration number, a copy of the signature [and] a color photo."

The government wants the information so it can include it in the personal files that China keeps on every national, Haley speculated.

Invasions of Privacy

There is certainly no good reason for the Chinese government to have this data on file, Marc Rotenberg, executive director of the [Electronic Privacy Information Center](#), told the E-Commerce Times.

"We think the Chinese government's request for user information was unnecessarily overly invasive and threatens free speech and privacy interests," said Rotenberg. "We hope that the Chinese government will get the message that the Internet is about freedom and not control."

The resistance of businesses is not likely a trend, in Rotenberg's view, primarily because Google and the domain registrars' motivations for their actions are likely not stemming from the same source.

"From our perspective, [the domain registrars were] responding to concerns about privacy and freedom of expression, whereas it's been unclear what Google's motivation has been," he said.

Google said it didn't want to censor search results anymore, which is admirable, Rotenberg acknowledged. "But I view GoDaddy's announcement as more significant," he added, "because it goes to the heart of privacy and China's requests for information about individuals

-- something that Western companies have been uncomfortable talking about. In this respect, GoDaddy's announcement was more significant. It was almost heroic what it did."

More to Come

If companies are hoping that China will back down in the face of these public scraps, they are going to be disappointed, according to Randy Kluver, a research professor in communications at Texas A&M University and executive director of its [Institute for Pacific Asia](#).

"There has been a sense for the past couple of months by companies in China that the government is flexing its muscles a little more. For many, it is becoming increasingly difficult to figure out where it is going with its policies," Kluver told the E-Commerce Times.

What is happening is that China is becoming more confident that it doesn't need Western technology or business, he speculated, as well as emboldened by the U.S. debt that it has accumulated on its own balance sheet over the years.

"China has for years needed access to Western companies and decided to cater to them as much as possible," observed Kluver. "What we are seeing now is a significant reversal in power dynamics. It is not so much that they are cracking down, but rather waking up to their power." [ECT](#)

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March 19, 2010



Court documents in Viacom's billion-dollar lawsuit against Google suggest that both companies engaged in some shenanigans in the run-up to the long-running legal brawl -- and neither has been pulling its punches in court. "Viacom makes a strong showing for pervasive and rampant copyright infringement," said copyright attorney Raymond van Dyke. Google, however, "gives as good as it gets."

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