

USER FRIENDLY



Personal data: The new oil or toxic waste?

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“We want things predicted, and to be intuitive. We are now at a bit of a crossroads—you have to make a choice because you can’t have both.”

Hanish Patel:

With newsworthy cyberattacks and new regulatory changes it's no wonder consumers are demanding more visibility and control in how and when their data is being used. One thing is clear, the implications around personal data are numerous, and it will be up to the businesses to provide a new value proposition for their consumers or be left behind. Today, I have Mark Casey, global sector leader for Telecoms, Media and Entertainment, and David Cutbill, Risk and Financial Advisory lead for Telecoms, Media and Entertainment on the pod. Mark, David, welcome to the show.

Mark Casey:

Good to be here.

David Cutbill:

Hanish, good morning.

Hanish Patel:

So let's get straight into it, and I think the best thing we can do is let's get a little brief history on data privacy for our listeners. So Mark, I'd love to get that history from you, if I could.

Mark Casey:

I go back to the '80s when I first started in professional services, and I remember the

Data Protection Act 1984 in the UK—this is not a new topic at all. It's been very much a central theme in the IT world, going back 30-odd years. I think what's different now is just the scale of data, the accessibility of data, the richness of data, the extent to which it can be so easily shared at light speed around the world. The impact and power of data is just so different to those first exams of legislation which were enacted.

David Cutbill:

I think one thing that's different though, Mark, is just that over time the ecosystem here in digital—it's just kind of built up with the free flow of information, right? It's been the kind of life blood of how it's evolved so quickly. So, I know we've had a lot of kind of offline privacy notices for years, but [it] seems now that the regulation is trying to catch up somewhat.

Mark Casey:

And I think regulation has, I think, a number of objectives to it. So, in some respects, data and its power of value has made it into—you can call it the “new oil”—the new resource that companies compete for, the resource that's going to make one company better than the other, it's going to keep its customers more engaged and retained and loyal. That, of course, that battleground just sparks more and more interest from governments as to, well, who owns actually this information? Where is it sitting? Who's protecting it?

David Cutbill:

Yes. I think it's an interesting evolution, Hanish, of the thought of protecting society, right? The governments have always kind of taken on that role of protecting society, and we can always debate what “protecting” actually means, but free press then was [an] influencer, heavy influencer, around our views and our opinions, etc., and they have kind of taken on the editorial responsibility in the past. But somehow we seem to be pushing that to the digital platforms, and that's a harsh thing for them to do. I think market plays into the whole kind of protecting society, right? The governments in the past have felt that's their responsibility, and

then press has got involved, and we know how politically charged that has become over the last year or so.

Hanish Patel:

And one of the things I'd love to come back on actually, Mark, where I really like that term you used—“Data is the new oil”—that kind of resources. But I also want to talk about something you mentioned as well, David, around notifications. I'm sure it's not lost on everyone. The amount of notifications we've all got in the recent weeks with the regulation change, what that means, and, of course, people are hearing about GDPR. It would be great to just delve into that as well, just to give everyone a ground around what that is and why they are seeing so many notifications.

David Cutbill:

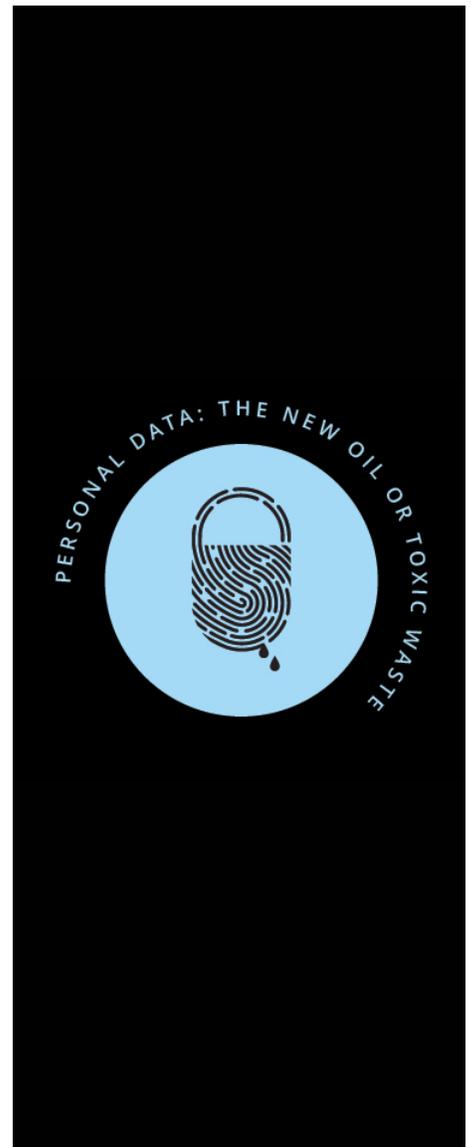
GDPR [General Data Protection Regulation] has a lot of components to it. One of the interesting parts of it is, there's this kind of thought around the right to be forgotten; and so the sites, if they are asked by you, have to be able to scrub your data. And I'm sure there are many instances in real life where you like to have the right to be forgotten—some of the things we've done in the past—but that and kind of the detailed requirements around it.

Hanish Patel:

One of the things where you mentioned around that “right to be forgotten,” if I recall correctly, just in the recent *Digital media trends survey* that we published, I believe we said something like 93 percent of consumers want the ability to request their data back and effectively be forgotten, as you say. I mean, that's overwhelming when we think about those percentages.

David Cutbill:

People kind of have a view of that they want the data better protected, right? But it will be interesting with GDPR to see whether people actually use that right, because—we've talked about this—most sites you probably want to keep your information, the history about yourself.



It's like going to visit friends and they've forgotten who you are from the last time you walked through the door—and the movie, *50 First Dates*, when she had short-term memory loss. I think going online and being forgotten constantly would be painful after a while.

Mark Casey:

I think that's right, David. I find it fascinating, and I think we are all going through this right now—this steady flow of notifications on your privacy settings, with many service providers—quite a few whom, I mean, I don't know about the rest of you, but I'd actually forgotten that I'd even subscribed to them. So we are all in this world of, "Oh, I didn't realize just how far and wide I had shared my personal data.

"I mean, look, I think human beings—they look at these things and they do get alarmed. But equally they forget that it is the customization of the Internet and the digital platforms that makes our digital life so much more rewarding and convenient and efficient. You know, we often say these days how, when you are using your phones—and they've now become the dominant digital device in our lives—it just seems to know me, it just seems to second-guess. When I'm trying to call up transport services, it just seems to know where I'm going, it's linked in with calendar, everything is just flowing nicely. I like that, and I think most people do.

Once you start disconnecting all of those data points and once that history starts to get removed, the clunkiness and the immaturity of the digital experience, which we remember from five, six, seven years ago, have now just returned again. So, I think there [are] a lot unintended consequences here. People want protection over their data. they have said so. People are up in arms about "where is my information?" and they haven't thought that the world we were in and the way information we share was also done with an intention of making the digital experience as frictionless and as convenient as possible.

Hanish Patel:

We talked about (a little bit earlier) around the desire to delete all of that data, but somewhere in there is there a question of do consumers really trust the brands, the companies, to protect their data? One thing is being able to request it back, the other thing the benefit of seeing that personal data. But do you and I, as consumers, do we really trust the companies to protect our data?

David Cutbill:

I think there [are] probably two elements to that: one is just the basic data breach, right, and we've seen it with a lot of online companies, a lot of consumer retail companies, where the data is being breached and they've lost our data. And so there is an element to kind of trust around just security—cybersecurity. *Will you actually hold my data from threats from the outside?* But I think that even in those situations, I mean, you're still shopping probably at those retailers that have had a major data breach six months ago, right? So, it doesn't really change your behavior. And then back to Mark's earlier point, I think there's the use of data—so, I've given you a whole wealth of information about myself—and how well we use that data. I think we've talked about the kind of "the genie is out of the bottle," right? So, I'm not about to stuff it back in... But you have to show me that you can use that data in the way that is beneficial to me.

Mark Casey:

And I think also people tend to move on, and we've seen this in the world. Shocking events, revelations—they hit the media, trending number one, we're all talking about [them], and then a week later we are on to something else because that's just the way of the world.

David Cutbill:

I have a short half-life, right? Nano seconds.

Mark Casey:

And even, I mean, at a personal level, the intelligent advertising—and it's getting better and better all the time—that I receive, I quite enjoy. I mean, for the

"It is the customization of the Internet and digital platforms that makes our digital life so much more rewarding, convenient, and efficient. Once you start disconnecting all of those data points and once that history is removed, the clunkiness and immaturity of the digital experience from five, six, seven years ago will return."

cyclist out there, you don't have to be sitting on your laptop or your phone getting peppered with ads for knitting needles or something like that, and that's the world we are going to be in. If you disconnect all these data points—and remember, if you are not paying a subscription for a digital platform service, then you can't get the benefits for nothing. I think, what is it about this world? You get nothing for nothing these days! So, if you are not going to pay a subscription, then expect your information to be used in a way to achieve targeted advertising. So there is going to be a commercial value proposition here for the use of what are some stunning global platforms these days.

David Cutbill:

And that's always been the value exchange. That was a value exchange on television, right? Target programming in exchange for advertising. And I think the Internet has been built off that. I mean, it's a free Internet basically.

Hanish Patel:

I get the point that if I'm not paying for a particular service or an experience online that I can still potentially get maybe just as good an experience from a free perspective, as long as I'm willing to share that data—and in some way, I'm making that conscious decision to share certain data about myself. I want to move to a bit more of an unconscious sharing, and by that word I mean it's— the last year or so, personal digital assistants—they're everywhere. They are starting to make their way into the home, and the reason I describe it as unconscious [sharing is that], we're effectively sharing all the time—it's always listening. So, where does that stand when it comes to data privacy in a different way from me signing up to a site and effectively clicking "Yes, I agree" for my data to be shared?

Mark Casey:

And I think—expect—with the rollout of 5G and of much greater—I don't think people even understand what the IoT world means for the future, but compared to what we see now it's chalk and cheese, and the amount of information-recording mechanisms in our homes, in our cars, at our work, it's just going to multiply dramatically. So we will be always on, and whether it's visual or audio doesn't matter. So, to me, there is an adjustment phase humankind is just going to go through as it accepts that this is just the price we pay for living in a digital world. Perhaps people's understanding of it and the scale of it has not been there. Hence, why there's, I think, a degree of fear about what's going on and who can see what I'm doing, what I'm saying, and so on. And I think people will naturally get more accustomed—look at the demographics in our society—younger people don't seem to mind as much as older people. Maybe

they'll change as they grow up, maybe they won't, maybe that's just the new order. The millennials are showing us the way.

Hanish Patel:

I do wonder at some point whether there will be certain regulation as to what can be shared or certain checks or safety nets before information is shared across, and I don't know whether that will be the tech companies themselves that have got to push that forward or whether it will be something coming up from the regulation. A digital bill of rights, if you want, that actually comes forward.

David Cutbill:

Do you think that regulation is the right way to go, because we tend to regulate backwards, right? And it's very easy to regulate backwards, but this ecosystem changes every year, every 10 minutes, it seems, and so it seems that a better solution is if you have the companies design the products in the way that the consumers like it. So coming back to your earlier point, Hanish, it seems like the voice interchange is the new way. Not necessarily going to type, you're not necessarily going to go online, you are going to *talk*—and so, the new products out there maybe will have a little of that built in, will have a certain amount to recording or stop recording [and] will only come on when you want them to, etc. So the product, I think, will self-regulate.

Hanish Patel:

It sounds like in some way maybe that's their big differentiator then, right, and in terms of you've got these assistants, they're always on. I may be using that parallel where you went, Mark, with our smartphones—in some way, they know everything about us and it's our hub. Maybe these assistants will soon to become our new hub where they are the ones that are connecting, and as you said, 5G, IoT, bringing it all together. But maybe the differentiation is how it's going to use our data, how it's going to protect our data, still give us that experience, still give us that frictionless experience as a whole—but it's still keeping things very secure and that may be the differentiator then.

David Cutbill:

Yes, we might enter this world of kind of a personal butler. I mean, who doesn't want a butler? Where you kind of suck all the information back from all these disparate sites that have been holding it, and now you hold it yourself, or your personal butler holds it and makes those decisions for you. So, the hard-easy decisions that you make every day will actually seem as they do based on the data and what you have done before. And so, that may be our way of kind of living of the future having a kind of personal butler sitting right in front of us.

Mark Casey:

And, of course, we mustn't forget, too, that the digital world has spawned the creation of lots of new and significantly large employers of talent and creating new jobs and new careers and new futures for people. So, as much as these companies have done very well from a stock market standpoint, their fundamentals are really key for the future. So, we need to be helping and support their progress and their success for the careers and the future of our children and many of the millennials today.

Hanish Patel:

Just going on to that point of where it sees going in the future with data and new jobs etc., one of the things I want to touch upon is that if you roll back just even a few years ago—and it's just as important now, of course—everyone is talking "data, data, data." Have we got to a point where how valuable that data is is kind of diminishing for certain areas? Is it starting—to use your analogy of "data is the new oil"—is it, in some way, becoming a little bit toxic and a little bit waste, in terms of just the amount of data that's out there?

Mark Casey:

Well, you know, it's been said we live in a world with oceans of data, but only puddles of insights, and that's why the emergence of artificial intelligence [AI] engines. And the focus—there's a huge amount of time and money being invested in AI for that reason—because we actually have the hope of being able

to use this data properly these days. And I think in some years to come we will laugh at what we call “insights” that we have generated; it will look very puny and very amateur compared to the super intelligent AI platforms of the future.

David Cutbill:

Yes, I don't think the value of data is diminishing. I think it's increasing, right? But there is this temptation, and we talked about this earlier, with kind of regulating or all governments of the big data companies becoming tainted, like the big oil companies did in the past. And they're so powerful and so big that governments are afraid of them, and they are starting to regulate them, especially from different countries or different territories. So I think big data is still valuable; there's just a kind of hygiene element around it right now.

Hanish Patel:

And just going exactly where you are going, maybe there is a fear—or they're somewhat tainted—in terms of the big data players—but this ecosystem has many, many contributors along it and some of those are just third parties. Where does the view sit with those that may not be directly related to either holding your data, consuming your data, but certainly living off the ecosystem of data—what does that mean for third parties and their role when it comes to data protection?

David Cutbill:

One of, I think, the difficult things we've moved into is this kind of highly interconnected ecosystem world. Whereas companies are not kind of vertically integrated generally, but they work with so many different partners within that ecosystem. I'm not sure how you enforce the kind of ecosystem rules and guides and ways of behaving and protection across that except through the companies themselves kind of self-regulating across the different ecosystems and the companies they play with.

Mark Casey:

Look, sharing data with third parties has been with us for decades. This is not new.

The circumstances behind this revelation recently has perhaps just brought it more to the fore in the public's mind, and it sells copy—the news about who has had what data and how did it influence political elections and so on—but this is not new at all. It's why, as David said, it's why the ecosystem works, because the ecosystem by the nature are a whole cohort of companies working together towards some common set of goals. That's why ecosystems work! So sharing information with third parties is not a threat or it's not a danger; it's just the way of doing digital business.

David Cutbill:

And there [are] always going to be bad actors, right, in any ecosystem, any world offline, online, etc., and you can't legislate against the few bad actors who sit out there.

Mark Casey:

Correct. Otherwise we'll all stop doing mobile payments and we'll all get back to cash and queues on a Friday afternoon at the bank as we make our lodgments. I mean, if that's the way you want to do it, that's fine. You said you won't be hacked, but your Friday afternoon isn't going to be as enjoyable as it is now.

David Cutbill:

And the burglar might steal the cash from under your bed! [Laughter]

Hanish Patel:

So a little bit of summing up of what I've heard in terms of, yes, of course data is important—we are seeing that it's playing out at potentially a political level. Companies, third parties, ecosystem, consumers are definitely well aware of what's happening in the media space. We've got some differences in terms of generations and how they are viewing it. You could argue there is an element of two sides of the coin, whichever way you are looking at it. So, do consumers really care about data privacy? And I want to flip to you first, Mark—what's your position on that?

Mark Casey:

I think humankind, just generally speaking, it's not just with data... it's fickle and forgetful and moves on and gets excited by something new, and then moves on to something else new because that's the way they get excited.

David Cutbill:

Yes, I think there are certain levels of concern that will always be there around the hygiene, as we talked about earlier. But if you look at this, it's difficult to tell whether it's a just a certain level of intensity right now because of the political highly charged nature of the sharing information and the impact that it had. And whether we're actually just feeling the press and the government manufacturing outrage on behalf of the consumers. And so I think that's why GDPR is kind of interesting—not just because of the sheer breadth of the legislation. But it's a chance for consumers to act. And will they really act, or will they be quite happy with the way things are working now?

Mark Casey:

And, you know, what I mean, this has been proven so many times before: Humankind has a cognitive bias on most things, if maybe all things. Examples, perhaps, in the media world would be around views of people on how much linear TV they are watching versus over-the-top streaming, and they will over index on the streaming and under index on the linear TV because, in some respects, that's the message they would like to put out to people, that's “I'm moving on, I'm evolved, I don't sit in front of a TV set and watch linear broadcast and ads, I'm more sophisticated.” And guess what? They are still actually watching a whole lot of linear TV, and you know what? They are not streaming as much as they used to. So, people have a bias in their minds. That's just what humankind is all about. So that's where I think this sense of concern and anxiety around data will come and go, just like a cold.

David Cutbill:

Well, one of the areas that has changed, though, is around the kind of the ad-blocking software. I think we've seen in

the last year that that has been enacted by a lot of people. Even the younger generations who said that they were happy to get advertising in exchange for content have employed ad-blocking software. Now a lot of the time, I think that's just because it increases performance and it's easy to do and they're not necessarily kind of trying to block the ads. But if technology makes it easy for them with no downside to enact those kind of things, then they'll probably do it. But if there is a downside to the quality of the experience they get on the other end, if you stop giving them free content because now they've employed ad-blocking software, then either they're going to have to subscribe or they are going to give up in the free content.

Mark Casey:

And the content creators and distributors, they are also—I mean, they are not stupid—they are going to get ahead of that game as well. And then let's not forget, of course, that one in five people *like* ads. *I* like ads. *I* like watching ads on TV, and I'm not afraid to say so.

Hanish Patel:

You are a marketer's dream, Mark. Let's go there for a second. We are a fickle bunch. We are hot on data protection right now and maybe, as you are saying Mark, we won't care about it; we'll care about something new. So, if that's the case, how do companies as a whole—how do they form their strategy around data protection? What do companies do to form their strategy?

David Cutbill:

I think it's—you are hoping the regulators are not the ones that drive the future

business models. Clearly it's easier for them to regulate in hindsight and much more difficult with foresight. We really don't want the future business models to be taken by government. So hopefully the marketplace will allow and drive that kind of innovation.

Mark Casey:

The battlegrounds are well known. The nature of the battles will just continually change, so privacy and sovereignty issues or looking after national interest, generally speaking, is one. And now the battleground is seeing the battle for supremacy around AI and machine learning, neural networks, and eventually there will be battlegrounds on other topics and you could see in the world of cloud, companies are right around the world already. It's all about scale, land grab, dominance. Those battle lines will be drawn. They always are when it's the last two or three big players—whose going to make the step change through something dramatic in M&A or try and break through some of those political borders that have stopped them growing that final great leap. So, we will see this thing time and time again, as we eat the popcorn, drink the Coke, and watch the movie play out.

David Cutbill:

It's a little more subtle, I think, with technology and data. People don't see it as much. We're hearing a lot, especially kind of in US and US-China and others, around this kind of protectionism. But people tend to focus on the hard goods and the tariffs and everything else. But this kind of domination and entity around technology and data use of regulations

and other things. I think it's just a little bit more subtle, but it's there. And a lot of people are talking about it, but it just doesn't make the mainstream perhaps.

Hanish Patel:

This is fascinating when I think about what you guys have highlighted going forward in terms of just where it is at a personal level, what we individually maybe care about or—to the point earlier—*may not* care about, going forward, in terms of our own data. How companies are going to need to be forming their strategy and what there is around regulation that is going [to] in some way guide how they think about their strategies and their platforms and capturing of our data. And then at an even bigger level, just some of those geopolitical aspects and the use of AI to really win the battle over the data—and frankly, our personal data. It certainly feels that it's a huge, huge topic just beyond what we all care about in the immediacy of things that we are seeing in the press. Fantastic topic, I think, and it's certainly given everyone plenty to think about when it comes to their personal data. So with that, Mark, David, I really want to thank you for coming on the show.

David Cutbill:

Thanks, Hanish.

Mark Casey:

Thanks, Hanish.

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