

‘MYDATA’

What do the Government’s ‘mydata’ proposals mean for organisations?

A Ctrl-Shift Briefing Paper

The Government’s ‘mydata’ programme signals a new era for companies with large customer databases. The programme brings with it both significant opportunities and threats.

The threat

‘Mydata’ is the first major manifestation of a fundamental rethink of the role of personal data in commerce. This rethink, which is gaining momentum around the world, revolves around:

- The recognition of personal data as a personal asset
- Individuals’ role as managers of their own personal data
- The potential economic contribution of services that help individuals do this.

Organisations that fail to respond positively to the consumer’s desire for such services are taking major risks not only with their corporate and brand reputations, but with the future viability of operations using customer data.

The opportunity

However, ‘mydata’ is also a huge opportunity for organisations to put relationships with customers onto a new footing, driven by two-way trust-based information sharing between customer and company. The strategic and commercial potential of this shift is significant.

Contents

1. The Government’s position	2
2. What is happening now	4
3. How business should respond	6
4. First steps	12
5. Conclusions	13

PART 1 THE GOVERNMENT'S POSITION

On 13 April 2011 Edward Davey, Minister for Employment Relations, Consumer and Postal Affairs, in the Department for Business, Initiative and Skills, launched the 'mydata' work programme, set out as part of the BIS paper 'Better Choices: Better Deals: Consumers Powering Growth'.

1.1 Government supports giving people their personal data

The Government wants to make it easy for people to have access to their own personal electronic data which is currently held by organisations, starting with private sector organisations with very large customer databases.

It also wants this data to be more useful to customers by making it easily reusable and portable, so that third-party apps and services can make use of it as well.

This might mean, for example, identifying behaviour patterns which the customer wants to change, such as using less energy in the home, or buying

We are helping consumers to access, control and use data held about them by businesses through a radical new programme of work called 'mydata' ('Better Choices, Better Deals', p. 6)

a more fuel-efficient car; or to make better price comparisons between, say, credit cards or which mobile phone tariff to buy.

We are helping consumers to access, control and use data held about them by businesses through a radical new programme of work called 'mydata'.

1.2 'mydata' as part of a wider Government strategy

The new 'mydata' programme of work is part of 'Better Choices: Better Deals', a broader Government consumer empowerment strategy which has two aims (p13):

- To put consumers in charge so that they are better able to get the best deals for themselves individually and collectively.
- To contribute to our broader growth agenda, supporting a strong private sector recovery and helping to raise underlying long-term growth rates.

The paper itself¹ has four elements that support these two aims.

The Power of Information, Chapter 1, includes 'mydata', with access, control and use of data by consumers, and the enriched information being provided by businesses, such as annual credit card statements detailing total fees and charges (credit card companies are expected to start issuing these in December 2011).

¹ <http://www.bis.gov.uk/policies/consumer-issues/consumer-empowerment>

Chapter 2, **The Power of the Crowd** involves initiatives to support collective purchasing and collaborative consumption. Examples cited by the paper include local areas collectively purchasing fuel, or hedge-trimming, in order to get a better deal. It also includes protection of consumer feedback, with a self-regulatory quality mark for web and comparison sites, and assurance of the integrity of online reviews and feedback.

Importantly, the government is expecting public bodies that hold complaints, such as Ombudsmen and the Financial Services Authority, and performance data, such as regulators like Ofcom, to release this data. It also wants to go further, and will be launching a competition for businesses to make use of the raw data.

Chapter 3, **Additional Support for Vulnerable Consumers** is intended to make redress systems easier. There will be a new resolution scheme for e-commerce disputes, which may include a new Ombudsman. And there will be trials of better access to online customer feedback, initially in Argos stores.

Chapter 4, **A New Role for Business and Government** signals the Government's desire to work in partnership with businesses, regulators

and consumer groups to achieve social objectives.

'Better Choices: Better Deals' is a key part of the Government's growth strategy, which anticipates that more active, empowered consumers will benefit the most innovative businesses, thereby 'helping to improve overall economic performance' (p. 2).

1.3 Building on existing practice - and beyond

In one sense, these proposals simply build on existing practice.

Already under the Data Protection Act people can submit Subject Access Requests and ask to see information held about them on a computer, although the process is unwieldy and costs time and money, meaning it's rarely used.

Online and paper billing already include a great deal of information about people's service usage. Banks such as Lloyds TSB with its Money Manager service have started providing customers with tools to analyse the information in their accounts, so that they can more easily see their spending patterns.

At first glance these changes may seem trivial. None the less they could represent a sea change in the relationship between organisations and their consumers

However, 'mydata' also adds a new ingredient: it requires businesses to make the personal data they hold both more portable and more useable.

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PART 2 WHAT IS HAPPENING NOW

A great deal is going on already, both in the 'mydata' programme and in the wider market. The context is huge, and it is growing. It's this that forms the background to the Government's 'mydata' initiative.

2.1 Business participation in 'mydata'

The Government has set up a series of specialist industry working parties, chaired and coordinated by Nigel Shadbolt, Professor of Computer Science at Southampton University, to develop a 'self-regulatory, voluntary agreement to release personal data in an open, reusable format' ('Better Choices: Better Deals', p. 20).

Large organisations already signed up include Barclaycard, MasterCard, HSBC, RBS group, LloydsTSB, the John Lewis Partnership, Groupe Aeroplan (Nectar), the Home Retail Group, Centrica, Southern and Scottish Energy, Everything Everywhere (T-Mobile and Orange) and Google. Other participating

big brands are not currently identifying themselves in public.

There is also a separate cross-industry working group on identity, security and privacy. The Government is looking for more participants.²

Currently, the focus is on a non-regulatory, partnership approach. However, if the Government finds that progress becomes unreasonably slow, it is also prepared to consider imposing what it describes as 'appropriate' legislation.

Proposed Government timetable for 'mydata' programme of work Spring 2011–2012

Hold quarterly Ministerial meetings to review progress	Ongoing
Develop quality mark for consumer feedback	Ongoing
Govt departments and public services to release data about service complaints and performance unless they have good reason not to	April 2011
Start development of collective purchasing toolkit	May 2011
Energy producers to provide clear information on lowest tariff	August 2011
Trial online consumer feedback in Argos stores	Summer 2011
Launch schemes for collective purchasing of domestic energy efficiency measures	Winter 2011
Roll out annual credit card statements	December 2011
Car labelling on ongoing running costs, and energy efficiency	December 2011
Formal review of progress on 'mydata'	April 2012
Test concept of collective switching	Spring 2012

² via www.bis.gov.uk/better-choices

2.2 The broader personal data context

The 'mydata' programme of work is happening within the context of a range of other developments in the sphere of personal data management.

An EU review of personal data protection will strengthen transparency, increase people's effective control over their own data, ensure the 'right to be forgotten', and increase data portability without hindrance from data controllers.³

An EU commitment to equip Europeans with secure online access to their medical data will be in place by the year 2015.⁴

The EU Directive on E-privacy and Electronic Communications will require companies to gain explicit consent from consumers to put cookies in their computers.⁵

The US Government's Blue Button initiative releases their medical records to war veterans.⁶

The UK Government's public-sector data transparency initiative will release increasing amounts of public

data in a reusable, machine-readable form for others to use.⁷

US and EU regulators are moving to give consumers the right to opt out of behavioural targeting and other forms of online data-gathering.⁸

The Cabinet Office is working on developing an identity assurance framework for the UK.⁹

The World Economic Forum is focusing on personal data as a 'new asset class'.¹⁰

There is increasing entrepreneurial activity and significant investment in services promising to give consumers more control over their data.¹¹

The broader context is a fundamental rethink of personal data, and personal data management, on the part of citizens, governments and regulators.

This was recently signalled by Edward Davey, who said:

We [the UK Government] are getting behind a radical shift of power. For years, skilled businesses have realised the value of good consumer management. We're trying to shift to a world of what you might call 'vendor management', where consumers have control over their own data, over their own choices. Where they are the ones setting the agenda for business.¹²

The emerging new agenda of personal information views data¹³ as a tool in the hands of the individual as well as the organisation, and personal data as belonging to the person, who acts as the information manager.

It treats the individual as managing the relationship with the organisation, not vice versa, while privacy becomes a personal setting, rather than an organisational policy. These are all the focus of a new breed of personal information services to which we return below.

⁹ <http://mydex.org/prototype/>

¹⁰ http://www3.weforum.org/docs/WEF_ITTC_PersonalDataNewAsset_Report_2011.pdf

¹¹ See, for example, Mydex (<http://mydex.org/>), Allow (<http://www.i-allow.com/>), Sing-ly (<http://singly.com/>) and, Personal (<http://www.personal.com/>)

¹² <http://audioboo.fm/boos/296052-cabp2p-ed-davey-mp-cab-consumer-empowerment-debate-7-3-11>

¹³ The New Personal Data Landscape, Ctrl-Shift, 2011 (free, but registration required to access)

³ http://ec.europa.eu/justice/news/consulting_public/0006/com_2010_609_en.pdf

⁴ http://ec.europa.eu/information_society/newsroom/cf/fiche-dae.cfm?action_id=233

⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0058:EN:HTML>

⁶ <http://1.usa.gov/9CPWEp>

⁷ <http://data.gov.uk/blog/new-public-sector-transparency-board-and-public-data-transparency-principles>

⁸ <http://kerry.senate.gov/work/issues/issue/?id=74638d00-002c-4f5e-9709-1cb51c6759e6&CFID=89947798&CFTOKEN=30338151>

PART 3 HOW BUSINESS SHOULD RESPOND

The immediate question for organisations is straightforward. Should they get actively involved in the 'mydata' programme of work or not; and if so, when?

The answer depends on the company's response to the strategic threat, as well as to the opportunity: see 3.1 below. Even though it is unlikely to herald far-reaching practical changes in the short term, the Government's 'mydata' programme of work represents a strategic tipping point for consumer-facing brands on two fronts.

First, the Government has effectively laid down the gauntlet to companies. It asks: Are you going to retain a traditional data-gathering approach to customer data, or are you going to move with us towards a new data-sharing relationship with customers, which we believe to be an important plank of our growth strategy?

Second, companies need to take a view as to whether the emergence of a market for choice tools and other forms

of personal information management service which use this data represents a strategic threat or an opportunity – or whether such a market will lose its importance over the coming years.

3.1 Opportunities

Data-management costs and data quality

While the Government has focused most on the sharing of consumption and transaction data to inform consumer decision-making, it is also possible to use this sort of information-sharing to encourage customers to check, update and correct admin and other data held about them by the organisation.

Organisations that grasp this opportunity and get it right will be able to reduce the costs of data cleansing, while improving data quality.

A data-sharing relationship with customers

Any standards or infrastructure developed to let organisations share data with individuals could also be used to empower individuals to share data with organisations. In this way 'mydata' could become a strategically significant stepping-stone to a new information-sharing relationship with customers (see box, 'Volunteered Personal Information on the next page').

This opportunity of enriched, low-cost information-sharing with customers, plus related services, could be a strategic game-changer even if takes years to mature. Once it does so, organisations that are not far advanced on the learning curve could face severe challenges.

Volunteered Personal Information

The 'mydata' strategy focuses on the release of data back to the individual. However, that is only the beginning. Once an individual can manage their own data, they can also volunteer that information to their peers or organisations. The potential scale and scope of Volunteered Personal Information (VPI)¹⁴ is vast, covering information such as

Who I am: from basic admin details to my changing life circumstances and my different personas.

What I want to find out: including requests for information and advice-seeking.

What I want: including future purchasing plans, contact preferences and permissions, specifications and requests for proposals.

My views and feelings: complaints, suggestions, reviews.

VPI has the potential to enable businesses to rethink their go-to-market strategies, product development processes and customer service levels, and even their business priorities and strategies.

It can help companies reduce guesswork, and therefore waste, across their operations (product development, distribution, communication) while helping them focus resources on known value demands from customers.

Customer Relationship Management

Although the obstacles and risks relating to 'mydata' are high, so are the potential benefits of success.

A key potential benefit is the development of a genuine single customer view. Currently, the best possible single view is that of a silo: the customer's dealings with

the organisation rather than the marketplace. But in a 'mydata' sharing environment, customers can combine information about their purchases from many different suppliers.

For example, while Amazon knows about the books I buy from Amazon, it doesn't know about the books I buy from other booksellers. With 'mydata'-style data sharing, it could access 'mashed up'

data, providing a picture of my complete library, say, as part of a much-improved next purchase recommendation service.

Organisations therefore have the opportunity to use 'mydata' to place their relationships with customers on a different footing, driven by the mutual advantages of ongoing two-way information sharing. This throws a different light on familiar jargon about creating dialogue with customers.

Service and innovation

Data released back to the individual can be combined with other data sources to provide people with more relevant, personalised advice, and as a foundation for new types of service.

For data-holding companies, this is a strategic call

The Government's broader Consumer Empowerment strategy draws on the fact that new technologies are opening up new channels for consumers to find, compare and purchase goods and services – and that transaction and other data reveals significant insights into customer behaviours, needs and so on.

¹⁴ For more information see VPI: The Essential Briefing (free, but registration required to access)

It is betting on, and encouraging, a new market for tools with which to choose, and which help individuals make and implement better decisions more easily.

Company transaction data sometimes means that companies know more about customers' behaviour than the customers do themselves.

'Better Choices: Better Deals' cites the example of credit card companies knowing more about the customer's likelihood of paying their bill on time than the customer. Energy companies have a better picture of households' energy consumption patterns than the people living in the house.

By sharing this data with customers and crunching it in the right ways, companies can develop new services that help individuals analyse, understand and change their behaviour for the better.

Another opportunity is the development of 'choice tools' to help customers make better purchasing decisions: for example, a service that uses data about an individual's actual mobile phone use to find exactly the right tariff for that usage profile.

Further service opportunities revolve around making the user the point of integration. In financial services, for example, aggregating someone's financial data around him or her could allow banks to evolve to new roles and business models, such as helping people manage their money better, rather than simply providing money storage and transmission services (savings, current accounts or credit cards).

This market for personal information management services (PIMS), which help individuals gather and use the information they need to make better decisions, and organise and manage their lives better, is likely to become a significant growth industry over the coming years.¹⁵

Organisations that remain on the sidelines risk losing the initiative and becoming a victim of market developments over which they have no influence or control. Conversely, 'mydata' presents companies with an opportunity to compete in this market and claim the high ground of trust, innovation and service – with potentially significant implications for customer loyalty and word-of-mouth recommendation.

3.2 Operational options and considerations

To realise these opportunities, many practical and operational issues and obstacles will need to be addressed. Here are some of the main ones.

Exactly what data?

The Government is leaving it up to companies to define exactly what data should or should not be included within 'mydata'. It could include admin data, transaction data, interaction data, behavioural data, perhaps even propensity models. The exact data shared will be a matter for the market and a question of competitive position. Businesses will need to identify customer/market demand, the ROI, and both the risks and the benefits of accessing data within their organisation and making it available to consumers.

There is certainly a cost consideration, as it can be an expensive business extracting and sharing information with consumers. All businesses should consider this question in light of the services that their customer would value.

¹⁵ See Personal Information Management Services: A Market Poised to Disrupt, Ctrl-Shift, 2011

How will the data be shared?

For the goals of 'mydata' to be met, data has to be made available to customers in a portable, interoperable format, which will also mean agreed standards, processes, commercial agreements and perhaps infrastructure.

It is not yet known what these should look like, who will provide them, who will pay for them, and whether the standards are to be sector-specific – catering, say, to the particular needs of banking or energy – or whether they should be cross-sector.

Privacy, security and legal issues

A key issue for companies is assurance that they are indeed handing the right data back to the right people. This will require new levels of, or different approaches to, identity assurance. Once the data is passed from organisation to individual, how is its integrity and security to be guaranteed? And at what point does legal responsibility for data security pass from organisation to individual to third-party app provider or data management service?

Marc Dautlich, Head of Data Protection at Olswang LLP, comments:

'The consumer empowerment strategy launched today by BIS has some laudable aims. It will be important, as more details of the strategy emerge, to understand how it builds upon existing consumer protection law and enforcement (for example, the statement says that the OFT will "prioritise cracking down on false feedback and false web-based claims"; is this simply a statement of enforcement intent in relation to powers they already have, under the Consumer Protection from Unfair Trading Regulations 2008?) and indeed how it builds on the Freedom of Information Act in relation to "opening up regulatory data"; is this a clarification of what government departments and regulators are arguably already legally bound to do?

And it will be important to understand what measurable difference the strategy will make to consumers – it would be good to see BIS commit to reporting regularly on which elements of the strategy have improved consumers' lot and (in its own spirit of openness) which have not. Above all, businesses and other organisations taking part will need to understand how their data protection obligations are affected by the promised disclosure of personal data back to customers.'

Costs and opportunity costs

There may be significant costs associated with releasing data back to customers, and the time and effort required will need to be prioritised. Will the return be big enough to make it worthwhile?

3.3 Strategic considerations

The Government's 'mydata' programme of work takes data holding organisations to a strategic crossroads. Do we want to continue with, and perhaps even defend, the status quo of how personal customer data is managed and used – or will we reform and innovate in ways that could ultimately be game-changing? Those organisations which engage with 'mydata' will be leading the market, and will have the opportunity to shape the market and their own strategic thinking.

The broader strategic response to the wider shifts in the personal data landscape and context within which 'mydata' is set will have an impact on multiple elements of business operations and its market and brand position.

The 'Better Choices: Better Deals' Strategy and the 'mydata' programme of work has deliberately set out to put the direction of this opportunity in the hands of UK business. It has not defined how far and how fast it will progress, because this is seen as a matter for the market.

It is in the market that business leaders will identify the opportunities and threats, and strategies will be formulated

which the Government hopes will enable UK businesses to grow, making the economy do the same.

Of course, if the Government sees a lack of progress there is always the threat of legislation. This would have a potentially adverse and distorting impact on the market opportunity.

Timing and take-up

The Government recognises that 'mydata' won't happen overnight. They are giving it a three-year timeline to make good progress in the UK.

But three years is not long, considering that IT changes can take almost that long to make their way through the corporate IT change programme. Companies need to assess now how far and fast, and among which consumer segments, this initiative is likely to be taken up.

While some customers will want to seize the new opportunities, it's likely that the majority won't be interested until there is a vibrant market of safe, convenient and value-creating apps. Such a market, on the other hand, may not materialise

until there is sufficient demand – the classic chicken-and-egg conundrum.

This may seem a good reason to do nothing. However, taking a 'wait and see' attitude has its own reputational and market risks. Organisations that seem to be dragging their feet may risk negative PR, as other more nimble companies begin to siphon off value and customers from their market, and potentially being dis-intermediated. These risks, alongside the opportunity analysis, must also be weighed up.¹⁶

One of the key issues is timing. Investing time and effort ahead of the curve is risky. Getting left behind is also risky. So data holding companies need to keep a close track on some important variables, as follows:

Market development The Government has laid out a vision of a new market environment, where consumers increasingly trust and use a growing array of sophisticated choice tools and other personal information management services. Is such a market actually developing? How fast? Among which consumer segments, and with what effects on our business?

¹⁶ Ctrl-Shift's research into the emerging market for Personal Information Management Services (PIMS) [include link] identifies three growth opportunities: making the user the point of integration (e.g. 'manage my money' versus a single product, such as a current account); services that help individuals make and implement better decisions (e.g. choice tools); and services that help them manage their personal data better, including identity assurance. The report reviews market entrants in financial services, retail and health.

Reputation To what extent are customer trust, word-of-mouth recommendation and brand reputation being driven by issues relating to personal data – not only data losses and security concerns, but feelings of openness and control, and perceptions of service and innovation?

Relationships Ironically, the biggest effect of organisations releasing personal data back to individuals may be to increase people’s willingness to release additional information back to the organisation. Looking forward, customer willingness to share information could become a key relationship metric for the organisation. What sort of information will customers be willing to share? Just basic admin details? Opt-in versus opt-out? Or future purchasing plans, intentions and preferences? What are the barriers to increased information sharing, and how can they be overcome?

Trust and Brand Reputation

How organisations manage and handle customer data is fast becoming a proxy for trustworthiness. If we are moving towards a data environment where customers, backed by regulators and politicians, expect increasing openness, transparency and control over their personal data, then taking a lead in this area also becomes a brand and reputation issue.

It is a potential opportunity to put relationships with customers onto a new, trust-based footing.

3.4 Ongoing considerations for working groups and the Government

The Government’s approach to the ‘mydata’ strategy is to engage business and the market, indicating a direction forward. However, without legislation to keep this approach motivated, progress will eventually require some specific activities by government and the business community.

The **measurement of progress** will be essential, and should preferably not be by the level of engagement of businesses, but by the level of market activity. That in turn should be measured against market pace, the pace of change in consumers’ attitudes and behaviours, the pace of development of enablers such as technology and standards, and the rate at which these new services are coming to market in other countries.

The Government will need to measure progress, and understand if and when it needs to intervene, to ensure pace and progress are maintained.

Additionally, **the approach will require ongoing engagement not just by**

working groups, but also by the broader community of businesses and consumers. The Government can also help, in leading by example. It can develop the services that will enable its citizens to use their data more effectively to manage their lives better, get a better education, find a job, find local resources, get repairs done and more.

Particular attention also needs to be paid to **unintended consequences** and how to avoid them.

There are, for example, significant opportunities to stimulate a new market of third-party apps and services, crunching data on individuals’ behalf and developing new services on the back of it. However, it is also possible that sharks and cowboys could use this promise to lead their own exploitative ‘land grab’ on individuals’ data.

PART 4 FIRST STEPS

What are the key actions businesses and organisations need to take in the first instance, in light of the Government's 'Better Choices: Better Deals' report?

4.1 Conduct an audit of the data's customer value

It is vital that organisations now reassess the value of the data they hold from the customer's point of view rather than their own.

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They should ask themselves: how valuable could the data be, and what uses could it be put to, if it were repurposed as a tool in the hands of the customer, perhaps combined with other data sources? What new consumer services could it drive?

4.2 Develop a data-sharing strategy

If data-sharing rather than one-sided data-gathering is going to become the norm over the next 3 to 5 years, organisations need to think through, in detail, what the potential benefits and pitfalls are likely to be, both of releasing more information back to customers, and of using the same information-sharing mechanisms to elicit more information from them.

4.3 A new 'information contract' with customers

If data sharing is to become the norm, then different expectations and practices relating to what data is collected, how it is used, and other considerations will arise.

Tomorrow's information contract with customers is likely to revolve around:

Increased openness and transparency, so that customers know and can see what data is being collected

about them by organisations and how it is being used.

Permission and control, increasing ability for customers to specify what they are comfortable with and to set permissions, contact preferences, and so on.

Mutual value, for example, from the provision of innovative new services.

PART 5 CONCLUSIONS

As far as customer data and related activities is concerned, this is the end of business as usual.

The Government has rightly identified the disruptive growth potential of new personal information services that help individuals gather and crunch data for their own purposes. This market is emerging whether legacy customer data holders like it or not. However, 'mydata' now presents them with an opportunity to play an active role in shaping it.

'Mydata' opens up an opportunity for organisations to place their relationships with customers on a new footing. This is a shift from a unilateral data-gathering approach to a mutual data-sharing one. This data-sharing could be two-way. It could enable customers to share data with companies, as well as companies sharing data with customers. Longer term, the development of such data-sharing infrastructure and practices could become even more important – because it opens up a channel for the flow of VPI from customers.

What you need to do

Take part in 'mydata'. It's the best place to learn about and anticipate the future.

Begin the migration towards a data-sharing (as distinct from data-gathering) approach. Review your customer data strategy from the new perspective of how it adds value to the customer.

This Government initiative really is a wolf in sheep's clothing – the hidden agenda is to shift control to the customer. More transparency means greater competition, and greater competition is both a threat and an opportunity. Grab the opportunity, and don't wait for the threat.



ABOUT US

Ctrl-Shift specialises in researching and advising organisations on the implications of consumer empowerment through six research themes:

1. The management and use of volunteered personal information;
2. How brands are becoming information services;
3. The changing nature of engagement;
4. The importance of the cost to the consumer (metrics);
5. The new market of consumer decision-making; and
6. Changing value propositions and expectations.

To see Ctrl-Shift Strategy Director Alan Mitchell's speech to the Government's No 10 Downing Street Roundtable on its Consumer Empowerment strategy, go to http://ctrl-shift.co.uk/about_us/news/2011/04/12/governments-mydata-strategy

To see Ctrl-Shift's four-page summary of the changing personal data landscape (registration required), go to <http://ctrl-shift.co.uk/shop/product/49>

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