



ATOMIC 212°

DOES BALI MEAN IT'S
**TIME TO BAIL ON
THIRD-PARTY DATA?**

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INTRODUCTION.

Project Bali: It sounds like a 17-year-old's secret plan to get to the Indonesian paradise for schoolies. But Microsoft's venture into giving users easy access to – and control over – their own data means that, for businesses propped up by third-party data, the holiday might be over.

Bali seems first and foremost a reaction to the increasing consumer understanding of – and desire for more – privacy in the digital space. But it's possibly also fuelled by the fact it has become cliché that 'if you're not paying, you're the product'.

Still in beta testing, the full scope of Bali remains somewhat a mystery, but a stir was caused by a tweet from @never_released that read:

“BALI IS A PROJECT THAT CAN
delete all
YOUR CONNECTION AND
ACCOUNT INFORMATION”.

So, at the dawn of the age of data, is Microsoft set to give people the power to completely obliterate their digital footprint?

LET'S NOT GET TOO HASTY.

The fact that the above mentioned tweet has since been deleted suggests we don't need to hit panic stations just yet.

In fact, ZDNet journalist Mary Jo Foley gained access to the beta site (you're welcome to have a go yourself, but apparently it's invite only), where the 'About' page called Bali a "new personal data bank which puts users in control of all data collected about them".

"The bank will enable users to store all data (raw and inferred) generated by them. It will allow the user to visualise, manage, control, share and monetise the data."

Rather than send us all back to the data dark ages, Bali appears to have the goal of giving power back to the user. Which, to be fair, is probably fair enough – perhaps even overdue.

It's rooted in the idea of inverse privacy.

THE PAPER THAT STARTED IT ALL

Bali appears to stem from a paper MS Research published in 2014 called 'Inverse Privacy', in which the authors wrote: "An item of your personal information is inversely private if some party has access to it but you do not."

It sounds nefarious, but inverse privacy generally comes about as a result of apathy on the user's part.

Consider scanning your rewards card at the checkout. Both you and the supermarket have access to the exact same information, but where the supermarket uses technology to compile an exhaustive list of every single item you buy, you simply consume your groceries and move on with your life.

However, while companies generally use this accrued data to better serve their customers, users would also benefit from access to it.

As the Microsoft boffins noted:

"IT WOULD ALLOW YOU TO CORRECT POSSIBLE ERRORS IN THE DATA, TO HAVE A BETTER IDEA OF YOUR HEALTH STATUS AND YOUR CREDIT RATING, AND TO IDENTIFY WAYS TO IMPROVE YOUR PRODUCTIVITY AND

quality of life"

DATA IS BECOMING A TWO-WAY STREET.

The concept of allowing users access to the data companies are storing about them is aligned with the European Union's General Data Protection Regulation (GDPR), introduced in May 2018.

Given consumer sentiment towards privacy – the latest Australian Community Attitudes to Privacy Survey (ACAPS) found just one in five online Aussies are “comfortable with targeted advertising based on their online activities” – it seems inevitable that Australia will follow suit and create some version of the GDPR.

**OF COURSE,
IF BUSINESSES
ARE SMART,
THEY'LL SEE THE
WAY WINDS ARE
BLOWING AND**

*adjust
their
sails.*

TRANSPARENCY EQUALS TRUST.

In the wake of scandals like Cambridge Analytica, transparency is more important than ever. According to SAI Global's Consumer Trust Index, "83% of consumers globally rate transparency and ethical behaviour as vital to building trust".

Trust is central to any relationship, so if consumers believe transparency is central in building said trust, then with GDPR coming into operation and Bali looming on the horizon, keeping your data to yourself probably isn't a smart idea.

That's not to say a business should throw the doors wide open – first-party data is,

in fact, likely to be more precious than ever in the coming years. But companies with inverse privacy policies should recognise that these policies won't be accepted much longer.

So if Microsoft – or, indeed, new consumer laws – are going to give your customers the choice to have access to their data anyway, the smart business will get ahead of the curve and share the data they have with individual consumers, so as to prove their reputation for transparency.

It will simply be an exercise in building trust, and therefore beneficial in the long run.

Unless, that is, your business relies too heavily on third-party data.

“83%
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IF DATA IS CURRENCY, WHERE'S MY CUT?

Another saying headed towards cliché territory, such is its prevalence, is that data has replaced oil as the world's most precious commodity.

Microsoft did its best to bury the lede by putting it last, but surely central to the whole project is the ability for Microsoft to monetise the data it collects.

And yes, Microsoft is pushing the idea that it's the consumer who will be able to monetise the data, but do you really think that Microsoft isn't going to take a cut?

Take it back to oil. It's the likes of Shell who have the infrastructure to drill, refine and sell Texas Tea en masse, but when Jed Clampett sold his farm to Big Oil, he still came out of the deal with enough money to *load up the truck and move to Beverly Hills, that is*.

Surely that's Microsoft's plan – to be the Shell to the average consumer's Clampett family. Bill Gates gets rich(er), but cuts you in on the deal – perhaps by way of a Microsoft rewards card, or possibly even with 'free' hardware, that you pay off over time with your data.

SO EVERYONE'S A WINNER?

Not quite.

As consumer understanding of data continues to increase, and with Microsoft looking to build a new marketplace where the average punter can monetise their online activity, the price of that data is surely about to go up.

The standard consumer understands why supermarkets collect their data (for instance, when their local grocery store informs them when an item they regularly buy is on special), but what about all that data that the store sells on to third parties?

ACAPS found that in Australia, just "one in ten (10%) is comfortable with businesses sharing their information with other organisations".

Further to that, a mere one per cent of Aussies "do not mind receiving unsolicited marketing information from organisations they had not dealt with before".

So if Microsoft or GDPR-style legislation are going to make it simple for the average consumer to see how and where their data is being monetised, they are going to swiftly start asking the question 'where's my cut?'

Unless they see a tangible benefit, consumers will swiftly opt out of allowing their data to become someone else's profit. Or, as the regulatory winds push businesses towards opt in (as opposed to opt out) models, it is more likely that consumers won't opt in at all.

KEY TAKEAWAYS FOR MARKETERS.

Consumers are growing savvier by the day about the power and price of data, and Microsoft looks like it is working on a way to leverage this into profit.

For marketers, the two big lessons are pretty straightforward.

First, open up your books to the individual. Transparency is key to building trust, and with inverse privacy set to be overhauled by either legislation or market forces, it will pay to get ahead of the curve and be open with your customers.

Second, if you rely on third-party data, either for insights or cash flow, start to prepare for an environment where it is no longer cheap and plentiful.

**THE AVERAGE
CONSUMER IS**

*too
smart*

**TO KEEP GIVING
IT UP FOR FREE.**

ATOMIC 212^o

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