

Studying the data economy

Data is the new Oil? – fact or cliché?

17 December 2018

SIMON Forge

v2

AGENDA

- Why is data the new oil ? – because of its value
- The platform economy
- Protecting what is so valuable – data – & EU Data Protection
- Regulating data for trade in the digital economy
- Open data
- The foci for regulation – and a model from the EU
- The foci for future study and key projects in regulation

Why is data the new oil ?

– Because it is the foundation of the global digital economy thru the leverage its processing gives:-

- Online business transactions for trading
- Manufacturing and logistics
- Advertising and marketing
- Banking – and mobile financial services (MFS)
- Social networking
- News gateways
- Media and entertainment
- Telecommunications

– Because of the value it creates online:-

Alphabet (Google)
(724 -900Bn,max)

Amazon
(778-900Bn)

Apple
(785- 1100Bn)

Facebook
(424 – 600Bn)

Twitter
(27- 40Bn)

Microsoft
(814 – 900Bn)

Netflix
(116- 200Bn)

Baidu
(61-100Bn)

Alibaba
(383- 500Bn)

Tencent
(376 – 560Bn)

**Most have
2018
Market
Caps
above
100BnUS\$
and some
are
trending
towards
1TnUS\$**

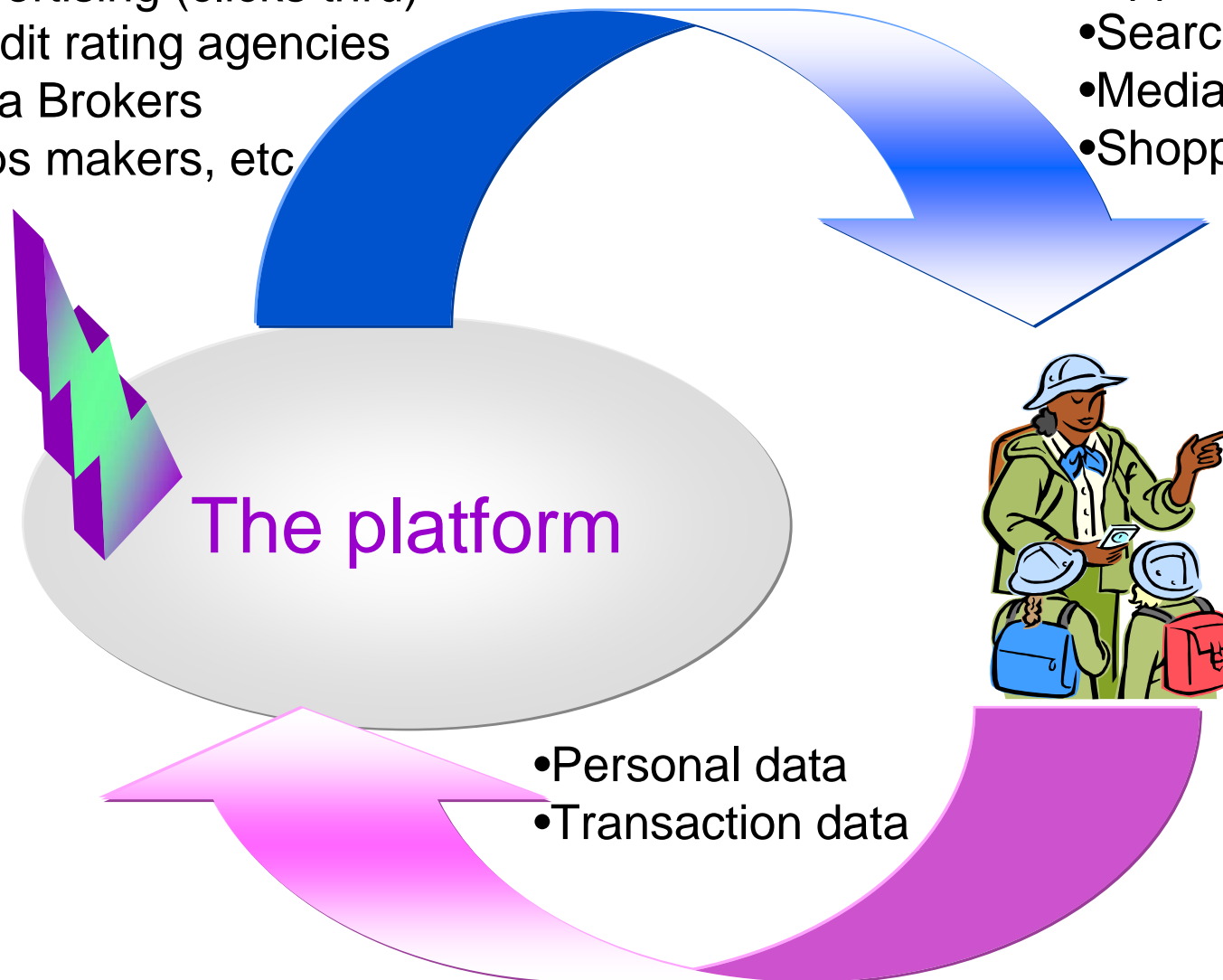
In the platform economy the currency is data not dollars!

Data Trading markets:-

- Advertising (clicks thru)
- Credit rating agencies
- Data Brokers
- Apps makers, etc

OTT 'free' Services –

- Social networking
- Apps- mapping, etc
- Search
- Media & messaging
- Shopping etc



End-user & mobile:-
smartphone/
tablet for
Internet
access

Protecting what is so valuable – data – the EU data protection legislation – General Data Protection *Regulation*

GDPR – protects personal and confidential data in an online world

- Privacy – and the right to be forgotten (RTBF)
- Protect against ID theft
- Protect against financial fraud through online banking and shopping

• Specific measures:-

- **Data protection officer (DPO)** ensures compliance
- **Breach Notification** – to national Information Commissioners Office within **72 hours**
- **Individuals retain right of access to their data,**
- **Consent** - explicit consent to use is required – **OPT IN** - for use of personal data.
- **Right to Access** - right to know if processed, **where and for what purposes**
- **Third parties** – Respondents must be able to stop processing of their data by third parties.

• Cybersecurity protection - NIS Directive

The digital economy will depend on 2 pillars for its safe operation

Digital economy - the Digital single Market (DSM)

Data protection

- Personal
- Corporate
- Government

TRUST

Cybersecurity

- Countermeasures
- Attack detection
- Attack prevention

Conserve:-

- Personal trust
- Confidentiality

Protect:-

- Networks
- Software
- Systems & servers
- Databases

Managing data for trade in the digital economy

– EU model

eIDAS - electronic IDentification, Authentication and trust Services –

a framework for electronic commerce:-

- Electronic transactions, including public services & all electronic processes online
- EFT (electronic funds transfer) & all financial transactions online
- With Electronic signatures, qualified digital certificates, timestamps, e-seals

Markets in Financial Instruments Directive II MiFID II – controls data that must be given for investment instruments and protection of investors and pensioners

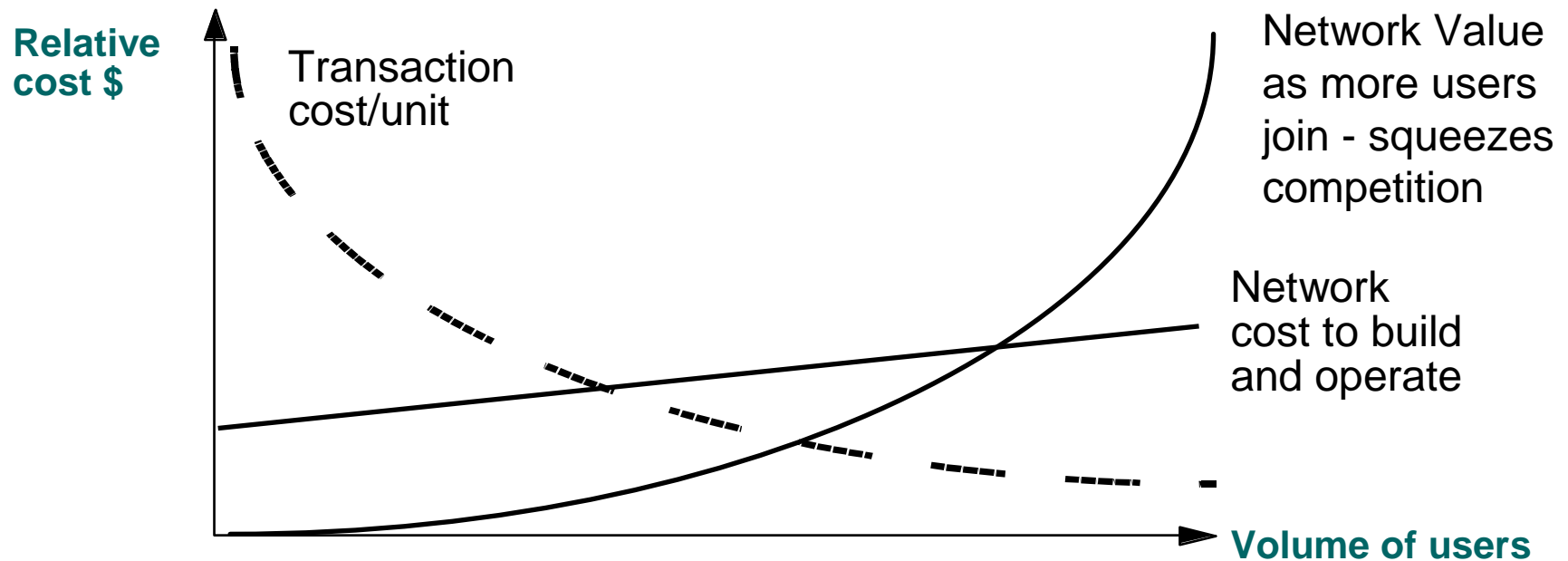
PCI-DSS - Payment Card Industry Data Security Standard, controls on cardholder data by merchants and card payments operators to reduce fraud & improve cybersecurity - February 2018 was EC deadline for PCI compliance

SMP in the digital economy – through the control of data SCF ASSOCIATES LTD

Network economics – the network effect leads to Significant Market Power

the value and cost of the network diverge as volume grows and value outstrips costs

A first mover platform offers a powerful lever in the digital economy

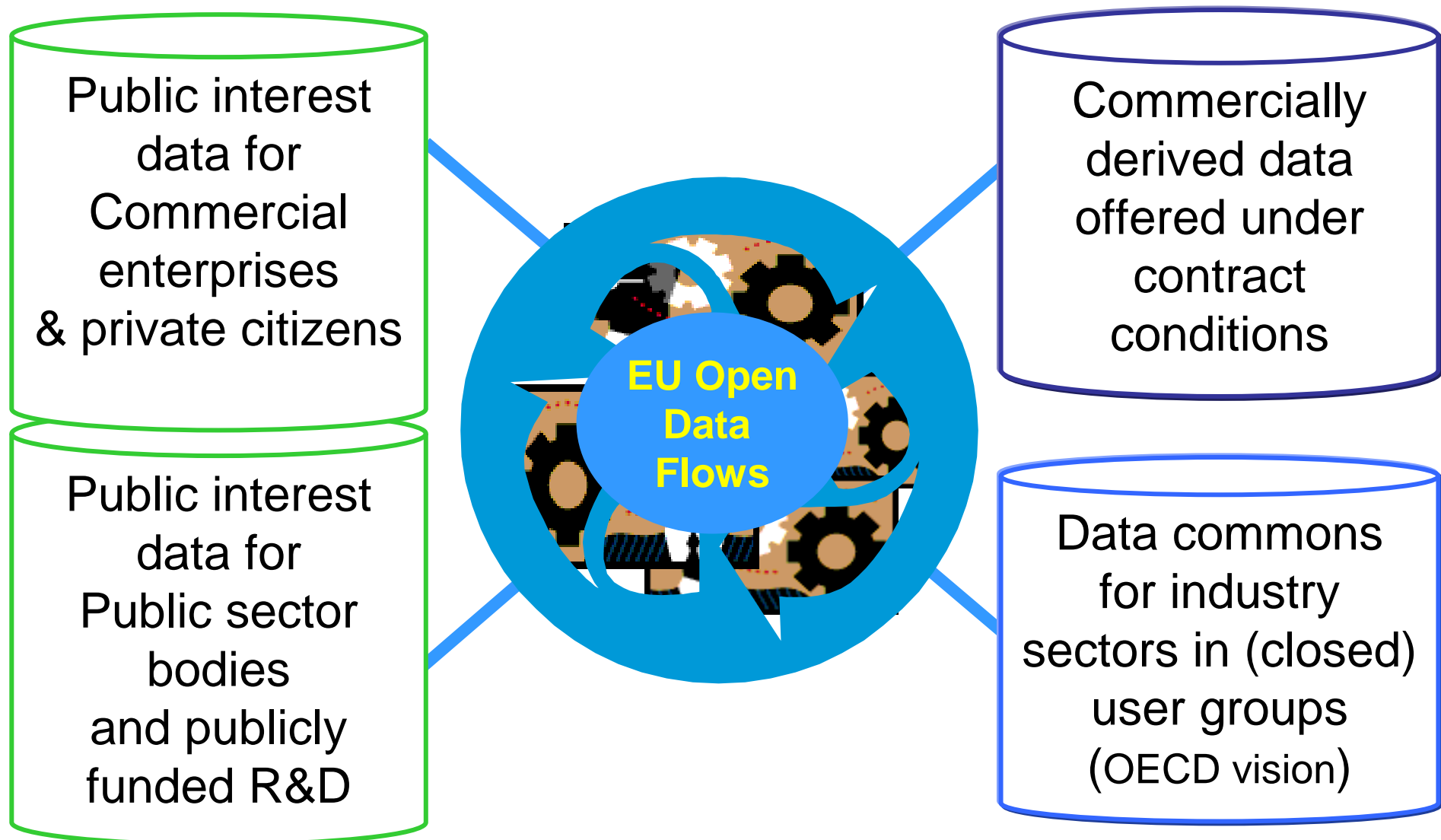


The impacts –

- Non-linear effects of size coupled to global reach– winner takes all
- For the consumer - increasingly attractive to access the largest and most well known platform, as it has squeezed out competitors and is the sole major player left
- The death of distance means the death of locality - for online sales of any service or product, progressive advantages for the platform to sell over a **global network** – (& possibly without paying the corporate taxes of traditional local businesses).

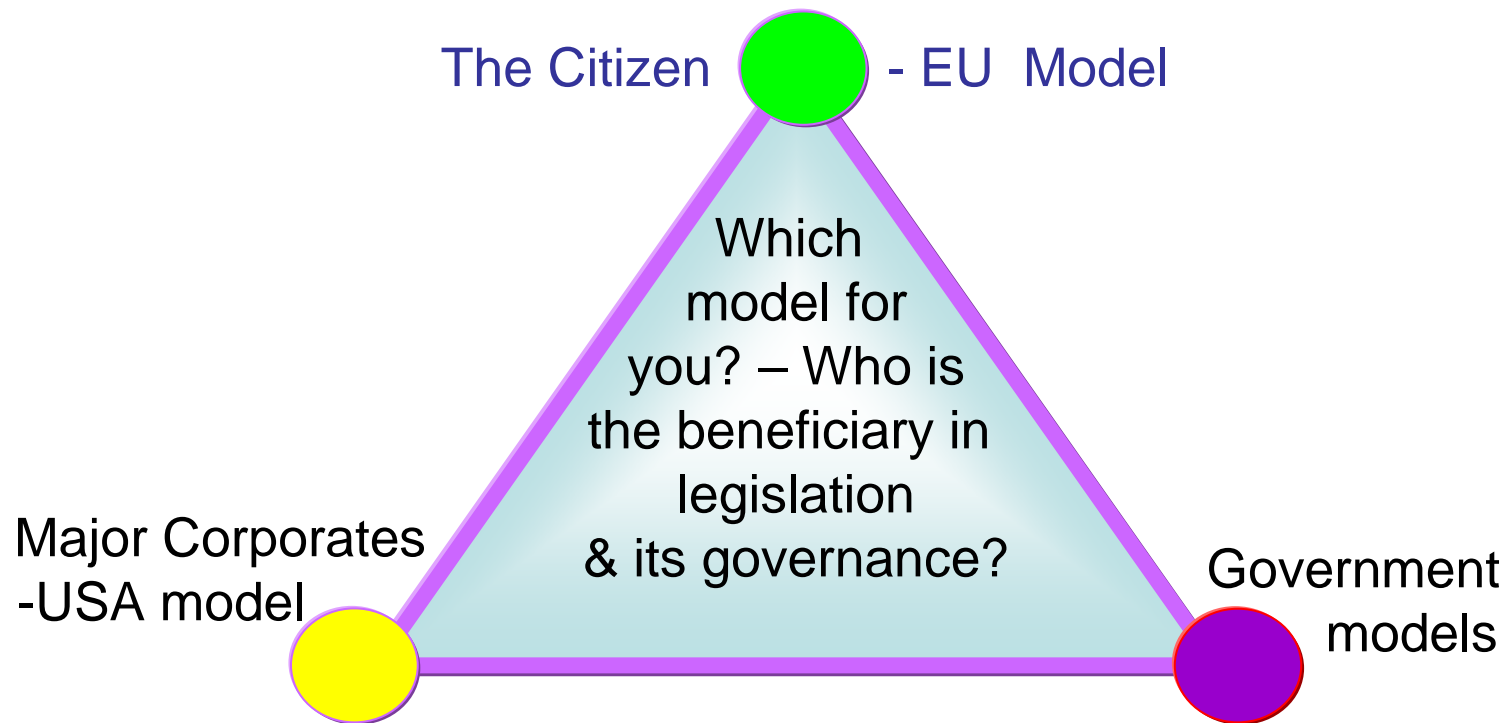
Economic Importance of open dataflows

Access and exploitation rules must be flexible as Open data flows have varied sources, degrees of openness and end users



Institutional /political framework within which to operate data regulations - governance at the highest level

- Is it *National, Regional or Global?*
- *And who really benefits ?*



The foci for future study : key projects in data regulation

Regulation of the future digital economy – making it safe and equal for all people and all nations – while conserving local trading

- Personal data exploitation
- Personal data protection
- Understanding the SMP issues of key market players
- Global trading without local corporate taxation
- Cybersecurity and its economic returns
- Open data exchanges for business
- The governance structure

Studying the data economy

Is Data is the New Oil ?

Thank You