

Data as the new currency

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Abstract

Personal data has an economic value that can be bought, sold, and traded.

This summary is about, the role that government will – or should – play in establishing data as a currency.

Is data really a currency?

When people discuss currencies, they tend to think of paper notes.

Currency is anything that can serve as a medium of exchange, something that can be «cashed out» for goods and services, or used to pay debt or to store value for future use.

Data has each of these essential characteristics. Because many business transactions involve buying and selling data, it can serve as a medium of exchange.

The value of data also can be measured easily. And as many of today's most successful companies have demonstrated, data appreciates in value when translated into meaningful information.

The role of the government in the data economy

The government plays the following roles:

– It is one of the biggest producer of data and one of the few major producers that deliver data to the public free of charge.

– Governments already regulate how organizations may use personal data, what privacy rights individuals have, and myriad other issues involved with the new data marketplace.

– There is a public debate about mixing of public and private data and the public consensus on the balance between privacy, security, and the flow of personal data will be critical to realize the promise the new data economy represents.

The marketplace for data

Open data providers: Government agencies collect huge government data sets. Companies and individuals use this data, free of charge, to create valuable products and services, doing it faster and more cheaply than government could on its own.

Data Aggregators: Marketing companies today build huge databases of consumer preferences and behaviors. Combining information from public records and consumer transactions, along with digital exhaust collected from social media, mobile transmissions, and other sources, these aggregators give advertisers new insights into target audiences.

Data for Service: When we use services such as Facebook, Twitter, or Google, we pay for the privilege by divulging personal information.

Data Protectors: To help address concerns related to privacy and personal data, the market now offers products to give individuals control over their own information.

Government as data producer

The government collects and analyses Data for example GPS (Global positioning system), health informations, Food Environment Atlas and so on.

Many programs, for example apps to track the spread of illness or to trace the path of a recent salmonella outbreak were driven by open government data. The goal is an ecosystem, that leverages data to improve health.

To make government data more widely available in the United States, President Barack Obama signed the Memorandum on Transparency and Open Government.

API (application programming interfaces)

An open API shares data in a format that any programmer can use and develop, paving the way for dynamic enterprises that organize public data for social good.

Jennifer Pahlka is a programmer and founder of «Code for america». Her organization hires midcareer software developers and embeds them with city governments, where they use their creative skills in partnerships with city managers.

She says: **«A new generation doesn't see government as a problem of ossified institutions, but as a problem of collective action»**

Government as data consumer

Governments are also starting to realize the transformative power data can have in better serving its citizen-customers. The public sector is one of the largest and most diverse customer segments in the data economy. From traffic patterns to web search trends, from demographics to statistics on student achievement, governments need data of all kinds, and they spend a great deal of time and money collecting it. The commercial market offers accurate consumer data in near-real time, and technology has emerged to perform sophisticated data analytics, more and more governments are likely to explore the benefits of outsourcing some of their data collection.

Besides tapping commercial data to achieve new goals, governments might also use such data to augment – or even replace – some of their traditional data gathering activities.

Data aggregators could save the US government time and money.

Data aggregators have already compiled public records, consumer transactions, and social media exhaust into databases of 200 million or more names. Most of this census form could be filled out from these databases.

Risks:

Citizens lack a clear picture of what is being collected about them, by whom, or to what end.

As privacy norms and practices are codified, government will be responsible for implementing a consensus privacy infrastructure, not just as a regulator, but also as a market participant.

Benefits:

a better picture of trends among target populations.

The trick will be to strip out the personally identifiable information (PII) in order to protect privacy.

Government as facilitator

Creating parameters. As a regulator, government can foster an environment that promotes innovation while respecting privacy.

Building infrastructure. Governments can also provide platforms to foster thriving data markets.

Leading from the front. Government can help bring order and direction to this market by leading from the front—providing an example to guide other actors in the data economy.

Reading:

«Data as the new currency, Government's role in facilitating the exchange»,
By William D. Eggers, Rob Hamill and Abed Ali, Illustration by John Hersey,
Deloitte Review, Issue 13, 2013