



A balancing act: Monetizing data while protecting consumer privacy

Using data to advance the business agenda has become a strategic priority, but protecting consumer privacy is a growing concern. The roles of chief data officer and chief privacy officer are evolving and sometimes converging to meet the challenge.

Data is the currency that fuels almost every business today. It has become a truism—but is no less true—that the astounding amount of data produced through social media and financial transactions means that the most overriding and compelling issue of our time is how organizations should collect, store, and use data. This issue underpins the rapid increase in the visibility of the chief data officer (CDO). Professionals in this role are increasingly responsible for assessing how consumers' information can be used to a business's advantage (i.e., monetized) while still protecting the consumer at all times.

This requirement to use data fairly and in the best interests of the customer raises issues of ethics and conduct risk related to data usage. To this end, in a recent commencement address to Duke University students, Apple CEO Tim Cook expressed how Apple faces the dilemma: "We reject the excuse that getting the most out of technology means trading away your right to privacy. So we choose a different path: collecting as little of your data as possible. Being thoughtful and respectful when it's in our care. Because we know it belongs to you. In every way, at

every turn, the question we ask ourselves is not what *can* we do but what *should* we do."

Furthermore, from a data protection perspective, businesses of all sizes and across all industries are also facing significantly increased threats to their data guardianship as well as a barrage of constantly evolving regulatory requirements and growing enforcement measures. The Facebook–Cambridge Analytica scandal and a spate of highly publicized data breaches over the past five years—including Marriott (500 million users), Equifax (145 million users), and Under Armour (150 million users)—have led, according to the 2018 KPMG *Global CEO Outlook* survey, to more than a third of CEOs believing that it's a matter of when, not if, their data will be compromised. Incidents that threaten the confidentiality and integrity of data, combined with the introduction of the European Union's General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA), have only heightened the profile and crucial importance of a chief privacy officer (CPO) for the day-to-day running of virtually any international organization.

No longer seen as bit players, modern-day CPOs are now tasked with not only setting data privacy strategy but also protecting customers' interests and advancing their organization's strategic agenda—all while navigating the shifting landscape of regulatory compliance. The CPO must work closely with the data protection officer (DPO), a new role created by the introduction of GDPR in May 2018. DPOs are tasked with overseeing both the data protection strategy required to ensure GDPR compliance and the technology infrastructure associated with data.

As companies try to manage today's data overload, both CDOs and CPOs are seeing their roles evolve—and often overlap. How will the CDO and CPO roles potentially coexist and differ in the future?

Given the obvious similarities between CDOs and CPOs, it is clear that some organizations will wish to effectively combine the two roles to create a hybrid role (see figure).

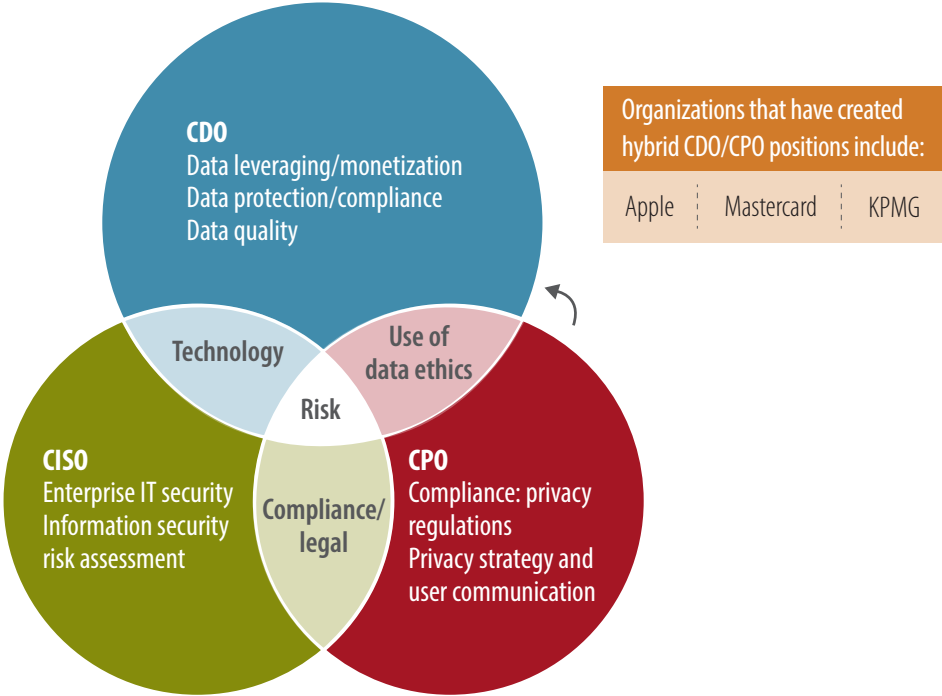
One company that is succeeding with this approach is KPMG. James Howard, former KPMG partner, was responsible for establishing and operating the firm’s US information management office, which encompassed the combined responsibilities of both a CDO and a CPO. As one of the Big 4 accounting firms, KPMG was among the first international organizations to recognize the importance of striking a balance between data leverage and regulatory compliance. It is a tight line to walk between tapping into an organization’s greatest asset, namely data, and complying with the myriad obligations designed to preserve the confidentiality of client information.

Observing the radical pace of innovation in data analytics and cognitive computing, clients are increasingly looking to their advisors to apply an ever-broadening range of client and market information as part of their services. But most of those data don’t belong to the firm and are subject to a wide range of compliance obligations, including GDPR and CCPA. Compromising either side was not an option, so Howard’s solution was to build a first-of-its-kind information management capability, designed from the outset to maximize the use of data while preserving hard-earned client and market trust.

Howard’s role can be contrasted with JoAnn Stonier’s role at Mastercard, which in many respects evolved from the CPO role. Indeed, Stonier was originally the CPO, and she expanded the role to include information governance, which was a

Figure: Overlap between CDO, CPO, and CISO roles

The roles of CDO, CPO, and CISO are rapidly evolving in response to key event triggers (e.g., high-profile data breaches and GDPR), leading to increasing areas of overlap and the potential for companies to create “hybrid” positions.



precursor to her current CDO role. As the information governance program began to be better defined, Mastercard understood that greater focus was needed on data risk, data quality, and obtaining additional data sources and therefore elevated her role to that of CDO. Separate from the CPO role at Mastercard, Stonier's CDO role is responsible for the operational aspects of GDPR compliance as well as for data quality, governance, management, sharing, and disclosure relating to all types of data, along with balancing data risk with business opportunities.

While some organizations will decide to keep the two roles distinct, because of the commercial emphasis of the CDO role, they may choose to elevate its importance, with the CPO role potentially becoming a subset or splinter of the CDO role.

Inextricably linked to how companies will define the roles of CDO and CPO in the future is the amount of investment they choose to make in related technologies and tools to improve the overall quality of their data. This includes obtaining a deeper understanding of where it comes from, how it is used, and where it goes. This richer data will be highly valuable, primarily because of how it will be used to present an accurate, comprehensive picture of a company's financial health.

As a consequence, the future impact and enhanced profile of the new-age CDO and CPO (or some combination thereof) could be dramatic.

Just how dramatic will depend on the extent to which these essential professionals are able to improve data quality and therefore enable companies to make smarter strategic decisions leading to significant performance-enhancing results. ■

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