



OAK INVESTMENT MANAGEMENT GROUP



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Data Use and Data Misuse

The Cambridge Analytica affair demonstrates how the internet works. It should come as no surprise to anyone who uses a free email, social media, brokerage, purchase and sale sites that all information is used. It is jaw dropping that anyone should think the situation is otherwise. There is of course an ethical dimension to every action but Facebook (to date) has not been accused of breaking any law. Equally (to date) no law has been broken by an authorised intermediary of Facebook who apparently handled information in an improper manner by letting Cambridge Analytica use and/or keep it.

Information has always been a currency turned into great power that those who know how to use it. Nathan Rothschild profited greatly from employing his own carrier pigeons to hear of the victory of Waterloo ahead of other traders in London. So too the data miners of the modern world are benefiting from superior information ahead of others. This affects every facet of 'wired' life from the provision or sale of goods and services as well as – yes – the subtle and not so subtle influencers of individual perception and social attitudes to politics and the world. But how new is this? The resounding answer is not at all.

How do we ensure ethical, judicious and decent use of information? First, we cannot rely on governments – they are far too conflicted in this matter. Secondly, we cannot rely on laws – they are far too cumbersome to be appropriate to the task. Thirdly, we cannot rely on self-policing by the entities themselves – this has patently failed.

To my mind the only thing we can properly rely on is competition by the end user to keep the market in check. This has been the lesson of the market economy time and time again. The competition that should do well in the wake of data breaches and other abuses is not that which brings down prices but which drives up ethical standards, by providing optionality for end users.

Embedded in the provision of goods and services is the goodwill of the consumer which is the collective memory of the historical behaviour of a company rolled into one snapshot. This is much the same with the 'old' economy as the new 'tech' one. Initially, tech companies blankly benefited hugely from this consumer goodwill. They supposedly disrupted disreputable behaviour of the old economy, were more in tune with the needs of the end user and were cheaper (or totally free) in comparison with the old economy. Tech companies polished their halos consciously: the founding motto of Google was 'Don't be Evil', allowed their employees the freedom of ping pong tables and break out zones with bean bags. Clearly events have been a rude awakening to end users who subscribed to this ethical, innovative and clean image that the tech companies sought to portray. Tech now just seems to be an extension of the old economy with all its ills and compromises – the enthusiastic goodwill has and will slowly ebb away.

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