OVERVIEW OF THE PROJECT

Claudio Feijoo
Wainer Lusoli
Brussels, 28 Mar 2012

1. Project Overview

• Which is the economic value of personal information?

- (extract value) Servicing an existing need e.g. credit rating
- (generate value) Enabling provision of new services e.g. online advertising
- Profile as the unit of analysis
- How companies extract or generate value from digital personal information
- Review of existing models and data
- Practical approaches for data collection
- Set of theoretical models (behavioural economics, multi-sided markets, game theory, ...)
- Supply - Demand
- Data analysis and Validation with empirical data (conjoint analysis, econometric techniques)
- Which market segments?
- Data collection: micro, meso and macro levels
1. Project Overview

Research question

• Which is the economic value of personal information?
  • How the exchange of information is benefiting society and the economy
  • How companies create value from personal information (by providing new services or servicing better an existing need).
  • The mechanisms by which personal information exchange creates economic value
  • How the level of privacy protection influences value creation in different markets

1. Project Overview

Expected results (I)

• Models:
  • Multi-sided markets
  • Game theory
  • Behavioural economics

• Data:
  • Value of profiles at \textit{micro} level [demand-conjoint analysis, supply-cost analysis]
  • Value of profiles at \textit{meso} level [indicators on companies cost/benefits, value-added chain]
  • Value of profiles at \textit{macro} level [size of markets, contribution to GDP]
  • Reviews data collection procedures in previous projects for \textit{re-use of data}

• Validation:
  • Stated preference discrete choice \textit{experiments}
  • Econometric techniques
1. Project Overview

**Expected results (II)**

- Test of hypotheses:
  1. personal information generates no externalities for the individual, only companies benefit vs.
  2. personal information is an intangible asset that is beneficial for companies and individuals vs.
  3. companies’ benefits are to the detriment of the user by exploiting position rents via price discrimination and market power

- In addition to deliverables:
  - Additional workshop with main experts
  - Web2.0 repository on economics of personal information including project notes, models and data

**Summary of deliverables**

- Kick-off minutes (D1)
- Experts list for validation workshop
- Exploratory workshop (D1.2)
- Theoretical overview and methodology (D2)
- Interim data set collection (D3)
- Draft final synthesis report (D4)
- Validation workshop minutes
- Final report (D5) will contain:
  - An executive summary
  - A brief theoretical background for the data collection.
  - Characteristics of the used methodology, including a detailed presentation of used methods.
  - Analysis of all the relevant issues related to economics of personal information, non-personal information and electronic identity.
  - A summary of different value-generating aspects of personal information and how personal information functions as economic object.
  - A description of the most important drivers and barriers for the further economic development of the personal information and electronic identity marketplace
  - A brief analysis of how it could best be regulated by policymakers.
  - The key conclusions to be drawn from the analysis.
1. Project Overview

Research Team

<table>
<thead>
<tr>
<th>Staff name</th>
<th>Personnel Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claudio Feijoo</td>
<td>Project Manager</td>
</tr>
<tr>
<td>Wainer Lusoli</td>
<td>Main Senior Researcher</td>
</tr>
<tr>
<td>Jose-Luis Gómez</td>
<td>Senior Researcher</td>
</tr>
<tr>
<td>Sergio Ramos</td>
<td>Senior Researcher</td>
</tr>
<tr>
<td>Gary Madden</td>
<td>Senior Researcher</td>
</tr>
<tr>
<td>Patrick Mailié</td>
<td>Senior Researcher</td>
</tr>
<tr>
<td>RAND Europe</td>
<td>Senior Researchers</td>
</tr>
<tr>
<td>Rafael Coomonte</td>
<td>Research assistant</td>
</tr>
</tbody>
</table>

3. Methodology – Choice of Market Sectors

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Main actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Search</td>
<td>Google, Bing</td>
</tr>
<tr>
<td>2. Social networking and sharing sites [profile-based]</td>
<td>Facebook, Flixter [video-related], Friendster, Linkedin [professional], Habbo, Qzone, Google+, Windows Live Spaces, Meetic [dating]</td>
</tr>
<tr>
<td>3. Mobile services [advertising and applications]</td>
<td>Foursquare</td>
</tr>
<tr>
<td>Online behavioural advertising</td>
<td>AdWords, AdSense, DoubleClick, Valueclick</td>
</tr>
<tr>
<td>Public sector services: Financial entitlement</td>
<td>Dependent on MS implementation</td>
</tr>
<tr>
<td>management [benefits], Licenses, Tax, Physical</td>
<td></td>
</tr>
<tr>
<td>services [education, health]</td>
<td></td>
</tr>
<tr>
<td>Credit assurance</td>
<td>Visa, MasterCard, AMEX</td>
</tr>
<tr>
<td>3. Credit referencing and risk management</td>
<td>Experian, Equifax, Companies affiliated with CDIA, EBN</td>
</tr>
<tr>
<td>Digital purse</td>
<td>Paypal, Moneybookers</td>
</tr>
<tr>
<td>eCommerce</td>
<td>[See subcategories]</td>
</tr>
<tr>
<td>3. Medical / healthcare sector, eHealth [PHR]</td>
<td>HealthVault, Dossia, PatientsLikeMe, National schemes in EU27 [for instance, NL]</td>
</tr>
</tbody>
</table>