

The economics of privacy

Background

The increasing use of the Internet has led to business models that are based on the exchange of personal information with online providers and third parties. Examples are Google's GMAIL and FaceBook - companies that offer services for free in exchange for personal information of their users, which is used for targeted advertising. There is an increasing discussion, whether personal information can be regarded as an "economic asset" and how such an "asset" should be priced and traded. As a consequence, viable business models for privacy are needed for the sustainable development of the services in the Future Internet. In addition, the huge popularity of the online social networks (Facebook has more than 500 million active users, roughly the population of the European Union) suggests a change in our attitude toward publicity. As publicity is becoming free, we may soon have to pay for privacy. Last but not least, offering privacy services for cloud computing is an itching issue for both providers and users of the cloud, but the answer is still at large.

Objectives / Description

The purpose of this session is to address the economics of privacy in the Future Internet by steering discussions on how privacy attitudes among individuals have changed and would be in the Future Internet; what business models are used and whether and how privacy could be monetized. We will also discuss possible policy and legislation issues that could have a direct impact on the economics of privacy. In particular, we will address the following challenges: **Innovative business models for privacy.** The new business models harness personal information of users. We will discuss how data ownership and the *data ownership tussle* between stake-holders influence economic transactions and what economic agents reap from these transactions. Based on the *tussle analysis'* outcome, the relevant economic exploitation potential may be assessed in terms of the economic choices an agent has, as well as the value of a resource an agent has control over. Furthermore, we will discuss how market players influence consumers in the disclosure of personal information and in obtaining consent to conduct different activities with the collected information. Finally, putting the pieces together, the session will provide the views on how viable innovative business models for privacy could be integrated into the sustainable business models of the Future Internet.

Pricing for/of privacy. Personal information is increasingly used in the marketplace for personalized services and behaviour-based pricing as well as targeted marketing. The question is, on the one hand, what would be the fair price for personal information. On the other hand, the question of how to price for privacy is still at large. This by far depends very much on the individual perception and evaluation of privacy. This session will discuss *evaluation methodologies and feasible pricing mechanisms for/of this special "economic asset"*.

Privacy as a service. Putting pricing and business models together, understanding users' needs, taking into account legislation on privacy protection, we come to the point of providing privacy services. The session will also address the issue of *how to create a feasible and sustainable framework to provide privacy services for web-based services, social computing, and cloud computing*.

Format of the Session

- Keynote talk on the Economics of Privacy in the Future Internet
- Panel discussion following by moderated discussions.
- Overview and demonstration of EU projects related to Economics of Privacy
- Summary and conclusions.

Agenda

10:30 – 10:35	Welcome (Tuan Anh Trinh, Head of Network Economics Group, BME-TMIT)
10:35 – 10:50	Keynote talk by Nicola Jentzsch, DIW Berlin (German Institute for Economic Research)
10:50 – 11:25	<p>Panel: position statements (Moderator: Tuan Anh Trinh)</p> <p><i>Panel composition: experts from both academy and industry will be invited. Each panellist should make a position statement on the high-level issues. Challenges to be addressed:</i></p> <ol style="list-style-type: none"> 1/ Innovative business models for privacy. 2/ Pricing for/of privacy 3/ Privacy as a service. <p><i>Panel of experts</i></p> <ul style="list-style-type: none"> - Jean Gonié (Director of privacy - EU affairs, Microsoft) – TBC - Estelle De Marco (legal expert, Inthemis) - Aljosa Pasic, Atos Origin, member of VALUESEC project - Jonathan Cave (Warwick University and RAND Europe) - Nicola Jentzsch (DIW Berlin) - Kai Rannenberg (Goethe Univeristy Frankfurt)
11:25 – 11:50	<p>Moderated discussion on the challenges of Economics of Privacy in the Future Internet</p> <p><i>The discussion shall begin with a Q&A between moderator and panellists. The moderator shall gradually open the Q&A to the audience.</i></p>
11:50 – 12:10	<p>EU projects: position statements</p> <p><i>To stimulate discussion, the moderator shall invite position statements by relevant EU projects</i></p> <ul style="list-style-type: none"> - SESERV (Eric Meyer from Oxford Internet Institute) - PARADISO 2 (Roger Torrenti, project coordinator) - BiC (Jim Clarke, project coordinator)
12:10 – 12:25	Moderated discussion (continued)
12:25 – 12:30	Wrap-up (Martin Waldburger, University of Zurich)