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Corporate digital responsibility

Doing well by doing good

By Tim Cooper, Jade Siu and Kuangyi Wei

As forward-looking companies work out what it means to act responsibly with their customers' personal data, they will also integrate this strategy into their core business as a key lever toward enhanced differentiation and new sources of growth.

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From the hacking of a Hollywood studio to data security breaches at major banks to the European Court of Justice's decision on the "right to be forgotten," there has been a growing awareness of the extent to which personal data can be both a business asset and a liability. According to a recent Accenture survey, 77 percent of businesses agree that the responsible and secure use of data has become a strategic, board-level issue—and nearly two-thirds report that they now have a Chief Data/Privacy Officer or equivalent.

However, the debate over the use of personal data points to a broader issue: What constitutes responsible business behavior in the digital economy? Some 30 years ago, companies began to respond to concerns about their impact on stakeholders and communities by embracing corporate social responsibility. Today, in response to similar societal concerns, business needs to embrace the emerging doctrine of "corporate digital responsibility" to help navigate effectively the ever-expanding realm of data and devices.

Five principles

In 2014, more than one billion smartphones were in use around the world. Facebook had 1.35 billion active users each month, and nearly 6,000 tweets were sent each second. With the take-up of smart devices and social media, vast amounts of personal data are being created. In the United States, a typical white-collar worker generates 5,000 megabytes of data—roughly the size of two high-definition movies—*every day*.

Overall, personal data makes up about 75 percent of all digital data created. And its volume—and value—is on the rise as businesses use it to personalize customer offerings, create innovative products and find new markets.

To adapt successfully to this new reality, businesses must grapple with several fundamental questions: Who owns this data? What are the appropriate restrictions for governing how businesses use it? What is public and what is private in a world where the line between the two seems less and less distinct?

While there are no easy answers, Accenture has identified five principles that will increasingly define what it means to be a responsible business in the digital economy. Companies that understand and take action on these principles will be positioned not only to manage today's challenges but also to differentiate themselves for growth in the future.

Principle 1: Companies must engage in *digital stewardship*, using the data they collect in a responsible and secure manner. The likes of Apple and Amazon, for example, refuse to share detailed personal data from their systems with third parties. Other companies are working together to enhance the security of customer data. Retailers including Gap, Target and Walmart are collaborating to develop a mobile wallet that will seek to offer better security than bank-issued credit cards. The business case for stewardship is compelling: Nine out of 10 of US Internet users suggest that

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they would avoid companies that do not keep their data secure.

Principle 2: Companies need to develop strategies to manage growing customer expectations for greater *digital transparency*. Spanish telecommunications giant Telefonica is doing just that. Its "data locker," which is currently under development, would offer customers opt-in choices for sharing personal data in exchange for new services; more active data-sharers would also earn rewards.

Transparency can also act as a powerful point of differentiation: A survey of consumers in the United Kingdom showed that 54 percent feel better about brands that are transparent in their data practices, while 48 percent further indicated that they would be more likely to purchase these brands.

Principle 3: Companies can use data under their control to offer their customers *digital empowerment*, helping them to make better decisions about their health, education and finances. In the United Kingdom, Tesco mines data from its Clubcard program, which currently has more than 16 million users, to offer tips for a healthy diet as a means of fighting obesity. Australia's Commonwealth Bank uses data and predictive analytics on an interactive platform to help customers make better-informed personal finance decisions. Although there may be short-term costs to such empowerment (fewer overdraft charges for banks, for example), the approach may well pay off in enhanced long-term customer loyalty and reputation.

Principle 4: As customers become more aware of the potential value of their data, businesses will increasingly need to give them greater *digital equity*. This means seeing data collection as a two-way transaction that results in a perceived fair-value exchange. Take New York-based Tsū, a social network launched in October 2014. Like typical social media platforms, Tsū earns its revenue through on-site advertising. But the company shares 90 percent of its ad revenue with its users; there is a sliding scale that rewards users according to how active they are on the site.

Principle 5: Businesses should seize the opportunity to practice digital inclusion, multiplying the impact of their digital assets for social good. In 2014, Johnson & Johnson agreed to give all of its clinical trial data to Yale University to help advance science and medicine, positioning itself favorably with consumers and medical professionals alike. In the same year, Twitter launched data grants to share tweet data with selected researchers to help address issues ranging from urban flooding to food-borne gastrointestinal illness.

In addition to doing good, digital inclusion can help companies do well—for example, by unlocking new sources of growth in non-traditional markets. France's Orange Telecom is sharing its data on mobile signals and call patterns with Groupe Huit—a think tank specializing in urban development in emerging economies—to map urban areas in Côte d'Ivoire more accurately. Orange will also be able to use the findings to refine its business operation in that country and potentially commercialize the methodology in other markets.

From principles to practice

For most companies, the gap between these principles and the mindsets, strategies and capabilities they have today is significant. For example, although 85 percent of businesses surveyed by Accenture agree on the importance of enhancing transparency in the way customer data is used, only 65 percent are taking action on it. Similarly, while 81 percent agree that empowering customers to make better life decisions will be important, just a little more than half (55 percent) are actively pursuing this principle. Perhaps understandably, many are focused on shoring up their "digital license to operate"—reassuring customers that they are using data responsibly—before they are able to think about opportunities for value creation.

However, just as approaches to corporate social responsibility shifted from mitigating risk to generating revenue growth, expect businesses to follow a similar trajectory with corporate digital responsibility. Indeed, forward-looking companies will integrate this strategy into their core business as a key lever toward enhanced differentiation and new sources of growth.

Those that fail to do so will increasingly find themselves in the headlines, on the wrong side of their customers, competitors and policy makers alike. ■

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