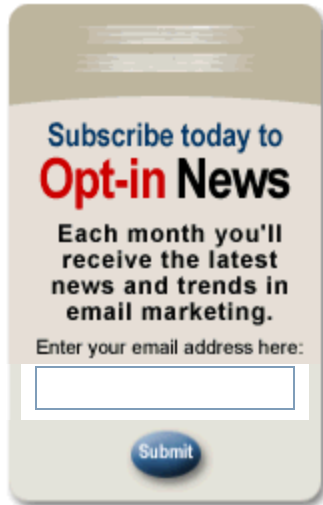


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Profiting from Privacy

by Katherine Elek

While numerous private companies may find their profits softening from such privacy legislation as the national 'Do Not Call' list and California's Speier Bill, which regulates the surreptitious use of data without consumer consent, consumers tired of dinner-time phone calls from satellite dish salesmen--and of data being used or sold without their permission--won't be the only beneficiaries of the new laws. A variety of private companies stand poised to do big business in the wake of the newly implemented restrictions. Analysts agree that privacy laws make consumers more receptive to receive promotional offers from those companies that they trust with their information, and which offer exclusive benefits.

Winners in the wake of new privacy laws include leading retailers such as Neiman Marcus and Saks Fifth Avenue , which can continue to contact customers with whom they have an existing relationship--and which would likely not want to contact new customers by phone regardless of the new legislation. For its part, American Express' Membership Rewards program stands as a tried-and-true example of how custom rewards marketing to consumers can benefit both sides. As American Express has illustrated, once consumers aren't suffering a barrage of disruptive marketers, they're more amenable to working with marketing's "good guys" and like that their data is used to provide them with special benefits.

Another winner of recent privacy legislation is BuyerLeverage, a Palo Alto-based start-up with an emerging technology known as 'self-profiling', which allows consumers to maintain their anonymous financial information with a trusted financial services company, and in return receive preferential pricing and customized exclusive services from various merchants. BuyerLeverage's technology will offer consumers and merchants the ability to form relationships that are beneficial to each--i.e. consumers will only receive offers that are better than those they could normally obtain in the marketplace, and they can decide when and how marketers communicate with them; while merchants focus on consumers who are known to be frequent buyers of their products. Remarkd BuyerLeverage Founder Mark Landesmann, "New technology and new regulations work hand-in-hand to give consumers more power to control their relationships with advertisers. Serious advertisers that offer good value will benefit from this trend."

Similarly, Santa Clara-based InterTrust is another Silicon Valley company using technology to allow consumers and business to assert their information rights. InterTrust's

patented computing technology has the potential to allow for customer's confidential information to be embedded into a system in a way that includes the individual's specific binding restrictions on the use of that information. This technology will likely make it easier for institutions such as banks to obtain consumer permission for transferring data to unaffiliated business partners. "InterTrust's broad-reaching digital rights management (DRM) solutions will be instrumental in unleashing the enormous possibilities of the digital era both in consumer and business to business markets," commented Ruud Peters, CEO of Philips Intellectual Property & Standards and Executive Vice President of Philips International BV .

Last but certainly not least on the list of private companies gaining from new privacy legislation would be AT&T Government Solutions, which signed a multi-million dollar contract with the FTC earlier this year to develop and implement the national 'Do Not Call' registry.

Clearly, the 'value of privacy' has taken on a whole new meaning--a monetary one--in the wake of new legislation.

Katherine Elek