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Maximizing the Monetization of Your Customer Data within the Boundaries of GDPR

The Value of a Next Generation Customer Data Platform for GDPR Compliance and Beyond

EXECUTIVE SUMMARY

On 25 May 2018, the General Data Protection Regulation (GDPR) will begin to take effect. The regulation, which aims to strengthen and unify data protection regulation within the European Union, gives consumers control over their personal data. The penalty for GDPR non-compliance is up to €20M or 4% of annual global turnover. The cost of ignoring GDPR is too high, forcing corporations to reevaluate the way they handle consumer data, and to install new processes and technologies enabling the consumers right to "own" their data.

YOUR RESPONSE OPTIONS TO GDPR

The impact of GDPR will be far-reaching, as it applies not just to European companies, but to any company that holds or processes personal data of individuals residing within the European Union. What are your options?

You Can Do Nothing:

Non-compliance with the regulation will lead to hefty fines. Companies in breach of GDPR can be fined up to 4% of their annual global turnover, up to €20 million. While this is the maximum fine, and one that will only be imposed for the most serious infringements, a lot can and should be done for a much more palatable price tag. Even if it wasn't for the fines, the reputational risk and competitive disadvantage should not be underestimated either. Ultimately, customers will no longer want to do business with a company that does not respect their data privacy.

You Can Do It Yourself:

An alternative response to achieve GDPR compliance is to "do it yourself." As with most regulatory compliance projects, the first step is an assessment of your current state and an estimate of the effort it will take to update your current environment. The assessment will require answering questions such as:

- What customer data do you hold?

- Where is that customer data stored?

- Who can access the customer data?

- How secure is your customer data?

- For which purpose am I using the customer data?

- How do I control the customer data?

Companies that have undertaken this assessment, in preparation for GDPR, will come to realize that their customer data flows through a complex and fragmented eco-system of technologies, including channel applications, CRM and marketing systems and analytics applications. Remediating the totality of those systems to ensure that you operate in a demonstrably GDPR-compliant way will most likely be a complex, costly endeavor.

COMPANIES IN BREACH OF GDPR CAN BE FINED UP TO 4% OF THEIR ANNUAL GLOBAL TURNOVER, UP TO €20 MILLION.

Even those companies who have centralized their customer data in a data warehouse will encounter challenges, as data warehouses are not intended to support the operational processes at the customer level that GDPR requires. Companies who are considering master data management (MDM) solutions to address GDPR compliance will realize that MDM systems can certainly assist in partial compliance, but they, too, will fall short in managing the operationalization of GDPR.

You Can Implement a Customer Data Platform for GDPR Compliance:

Adding a Customer Data Platform (CDP) to your current technology eco-system can vastly help you to improve operational control over all your customer data in one place, thus allowing you the ability to better organize and understand your data to be complaint with GDPR. *Gartner* defines a CDP as, "an integrated customer database that unifies a company's customer data from marketing, sales and service channels to enable customer insight and drive customer experience."

It's the CDP's ability to centralize all the customer data in your company – structured and unstructured, factual and behavioral, from digital online and offline source systems, as well as from your multiple channels and devices – that's the key to effective and diligent operational customer data management, a pre-requisite for GDPR compliance.

HOW NGDATA'S LILY™, THE NEXT GENERATION CDP, SUPPORTS GDPR COMPLIANCE

Lily provides key features and functionalities that will support your company's GDPR compliance as a Data Controller and a Data Processor that will uphold your customer's Data Privacy by Design with:

- Customer DNA

- Advanced, Purpose-Scoped Execution of Consent Registration

- Advanced Data Management

- Advanced Security

- Data Monitoring and Audit Support

Customer DNA, Lily's Customer Profile:

At the core of Lily is its living customer profile called Customer DNA. It's the "golden record" containing all profile, transactional, past and predicted future behavioral data about a customer. The scale and density of Lily's Customer DNA surpasses a traditional CRM system customer profile. CRM systems are not built to handle large volumes of unstructured data. They originate from the pre-digital era, and are unsuitable to collect, store and control the behavioral data collected from your various digital channels.

Lily is built on modern, big data technology and collects customer data both in batch and real-time streaming, meaning the customer data is always up-to-date. The Customer DNA will, therefore, provide you with the holistic and atomic view of all your customer data in one place. That's a fundamental requirement for you to gain operational control of your customer data within the current digital, always-on environment under GDPR legislation.

CUSTOMER DNA IS THE "GOLDEN RECORD" CONTAINING ALL PROFILE, TRANSACTIONAL, PAST AND PREDICTED FUTURE BEHAVIORAL DATA ABOUT A CUSTOMER.

Advanced, Purpose-Scoped Execution of Consent Registration:

One of the core principles of GDPR is informed customer consent. Under GDPR, companies are required to obtain a customer's explicit permission to use their (personal identifiable) customer data for processes for which legitimate interest is not applicable, and they will need to demonstrate that consent has been obtained. Under GDPR, companies are required to obtain a customer's explicit permission to use their Personally Identifiable Information (PII) for specific business purposes, and will need to be able to demonstrate that consent has been obtained for such processes.

Customer consent is stored in Lily's Customer DNA for every customer, which makes it easily extractable and evidenced. The holistic, atomic and extendable nature of Customer DNA allows you to not only record that consent is obtained for each customer, but also know how and when it was obtained, and for how long the consent is applicable. Customer DNA records the purpose of the customer consent, which allows you to control and optimize which systems, applications and partners can use a customer's data.

Lily's advanced, purpose-scoped and consent-based execution helps you maximize the monetization of your customer data within the scope of explicit consent. When customers change or withdraw their consent to use part or all of their data, the Customer DNA consent attributes will be updated instantaneously to reflect the changes.

Advanced Data Management:

Underpinning the Customer DNA is Lily's advanced data management capability. Lily collects and stores data from any source, structured or unstructured. Data can be ingested into Lily in batch or in real-time via its data integration tools. Lily is connected into the eco-system to channels and marketing applications, as well as analytics and reporting tools, APIs and other data integration and distribution tools. Lily can best navigate this eco-system in three ways:

- **Real-Time Data Update:** Lily builds its customer profile, the Customer DNA, in real-time. Whenever a customer provides, updates or withdraws consent for the usage of part or all of their data, the Customer DNA attributes are dynamically updated, recalculated and rescored. This ensures your customer profiles are be always up-to-date and your customers' data privacy will be respected at all times.

LILY IS CONNECTED INTO THE ECO-SYSTEM TO CHANNELS AND MARKETING APPLICATIONS, AS WELL AS ANALYTICS AND REPORTING TOOLS, APIS AND OTHER DATA INTEGRATION AND DISTRIBUTION TOOLS.

- **Data Erasure and the Right to Be Forgotten:** Under GDPR, companies are required to honor their customers' "right to be forgotten." This means companies need to be able to anonymize or destroy their customer data upon the customer's request. Lily fully supports this legislative requirement through its data erasure capability, which cleans and destroys all data related to the customer, including any historical attributes. Lily also allows your company to delete or anonymize data after a specified period via its time-to-live feature.

- **Portability and the Right to Data Portability:** Under GDPR, customers have the right to ask companies for their data so that they can hand that data to another company. Thanks to the way data is organized inside the Customer DNA, the operational purpose of Lily and its data extraction capability, your company will be able to support individual customers' request for a copy of their information in a portable format.

Advanced Security:

Respecting your individual customer's consent for how to manage their personal data requests is one thing. But, to maintain continued consumer trust in your brand, the new legislation also requires advanced security to protect your customer data, especially for PII. With its advanced security features, Lily allows you to control and protect access to stored customer data, which mitigates your risk of a data breach with:

- **Authentication & Authorization:** In Lily, specific data can only be accessed and specific operations can only be performed by employees with the correct authentication and authorization. This is how Lily continually protects access to your customer data.

- **Secure Data Transfer:** System access to customer data in Lily is also secure because it can only be accessed by external systems via secure methods for transfer data, such as Secure Sockets Layer (SSL).

- **Data Encryption:** Lily supports data encryption to securely protect data with restricted access. Lily does so by leveraging best practice data encryption capability and processes from its big data distribution partners (Cloudera and Hortonworks).

Data Monitoring and Audit Support:

Restricting and protecting access to customer data to authorized users and systems is good practice to best mitigate the risk of data breaches. A complementary risk management practice is to monitor the security of your data so that you can pro-actively identify any suspicious activity or breaches. Lily does this by providing audit log functionality for customer data monitoring purposes.

TO MAINTAIN CONTINUED CONSUMER TRUST IN YOUR BRAND, THE NEW LEGISLATION ALSO REQUIRES ADVANCED SECURITY TO PROTECT YOUR CUSTOMER DATA, ESPECIALLY FOR PII.

THE VALUE OF YOUR CUSTOMER DATA

GDPR requires companies to obtain explicit consent to use their customers' data, and to be clear about the purpose for which the customer data will be used. These requirements are bound to have serious implications for the value of your Customer Data.

Marketers are increasingly relying on a mix of three types of data to attract new customers. Those three different types of data are as follows:

- **First-Party Data:** This is information about your customers and prospects that you've collected directly from your channels. This data is then used to support customer relationship management along the entire customer lifecycle.

- **Second-Party Data:** Second-party data is essentially somebody else's first party data. It is often obtained from trusted partners who are willing to share their customer data with you. Second-party data, from the right partner, can be a great source of additional prospect data to assist you in acquiring new customers.

- **Third-Party Data:** Data Management Providers (DMPs) and Data Service Providers (DSPs) sell third-party data. The data these companies offer is generally purchased on a large-scale from publishers. The benefit of third-party data is the sheer volume of user data you can access. Of course, your competitors can also gain access to this data, so it's not unique. Third-party data is generally great for demographic, behavioral and contextual targeting, and will improve audience targeting and extension.

GDPR is shifting the legislative environment to one where explicit customer consent needs to be gained, including consent on the purpose for why their data will be used. There are some major implications this may have on the different types of data:

- **Third-Party Data:** The volume of third-party data available on the market may be impacted by GDPR, as customers may elect to not give their data to third-party sources. As a consequence, first- and second-party data may gain relative value.

- **Second-Party Data:** Second-party data relationships will remain important as companies continue their search for suitable prospective customers. Obtaining and managing consent to exchange customer data with partners will require extra capabilities to ensure that the data is gained with explicit customer consent. Companies will need to explain to their customers which partners they intend to share the customer data with, for what purpose, and will need advanced data management and security capabilities.

- First-Party Data: Because of the potentially reduced availability of third-party

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data, and the increased complexity in obtaining and managing second-party data, it's generally believed that companies will strategically refocus on first-party data, and will seek strategies to maximize the value from it within the boundaries of the GDPR legislation.

Lily's Customer DNA centralizes all customer data, and, because of its data integration capabilities, it also allows for easy enrichment of the Customer DNA in conjunction with second and third-party customer data. Lily's GDPR features are purposely built for companies to derive maximum value from their customer data within the boundaries of GDPR compliance.

LILY DRIVES VALUE BEYOND GDPR COMPLIANCE

With the enforcement of GDPR just around the corner, many companies are focused on compliance first. Yet, the underlying reason for why GDPR shouldn't be forgotten is about giving individual customers control over their personal data privacy. GDPR is really an opportunity for companies to focus on what matters most: their customers. GDPR will see companies treat their customers with renewed respect, by providing them with the explicit choice over the customer experiences they want to partake in. Compounded with the predicted decline in availability of third-party data, companies will need to refocus on building and nurturing long-term customer relationships, and make customer centricity their ultimate goal.

You can start doing this by centralizing all customer data in one location and building your Customer DNA. The granularity of the Customer DNA, in combination with Lily's GDPR features, will truly enable companies to proactively manage their customer relations and keep them complete, accurate and up-to-date.

Lily can turn GDPR into an opportunity for you to create a mutually beneficial data exchange between you and your customers by connecting with customers about specific customer data you don't yet have, or by proactively reminding your customers about extending their time-bound consent when a specific goal has not been yet been derived. These well-timed and relevant customer connections will reinforce your customers' trust in your brand and allow your company to optimize its customer engagement strategy, entirely in the spirit, but far beyond GDPR compliance.

GDPR WILL SEE COMPANIES TREAT THEIR CUSTOMERS WITH RENEWED RESPECT, BY PROVIDING THEM WITH THE EXPLICIT CHOICE OVER THE CUSTOMER EXPERIENCES THEY WANT TO PARTAKE IN.

ABOUT NGDATA

NGDATA helps brands in data-driven industries, such as financial services, telecom, utilities and hospitality, to drive connected experiences. Our Next Generation Customer Data Platform, Lily™, puts people at the center of every business via Lily's Customer DNA, which continuously learns from behavior to deliver compelling experiences. NGDATA is headquartered in Gent, Belgium and has offices in the United States, Europe and Asia-Pacific.

Visit **www.NGDATA.com** for more information.

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