Data quality technology raises privacy issues

By Judith A Sullivan

MAINTAINING ACCURATE RECORDS on customers is a key element of good data protection. But software designed to help organisations achieve this goal could create more privacy problems than it solves.

At the German Association for Data Protection and Data Security (GDD) conference in Cologne last November, Carsten Witt described and defended the metier of data quality management to a sceptical audience. He called the presentation, *Intelligent software as a pre-condition to meeting data protection requirements in typical CRM projects.*

Witt is a business unit manager at HumanInference with clients in the Benelux region and Germany. The group, founded in the Netherlands in 1986, provides software that allows companies to capture and verify customer data and to aggregate and cross-check it.

RELATIONSHIP DATA QUALITY

The process has different names but HumanInference refers to it as relationship data quality (RDQ). The company claims its management of customer data can help its clients gain transparent views of their customers, lower marketing and purchasing costs, and prevent fraud. Much of HumanInference's customer base comprises banks, medical insurance providers and telcos.

HumanInference and competitors in Europe and in the US hope to gain from the CRM gravy train. Analyst firm Gartner Group has estimated that CRM licenses and services could be worth $76.3 billion by 2005. Poor data is the enemy of the efficient CRM system, or in the words of Gartner: "Effective CRM demands far more than technology."

One of the HumanInference package's key facilities is the ability to use postal and other sources to make customer data as close to perfectly accurate as possible. For example, the software helps to distinguish between Doctor Thomas Schmitt, Herr Tom A S Schmidt and Professor Tomas Schmit all of whom unhelpfully reside on Hauptstrasse. RDQ professionals work on the notion that data is extremely easily corrupted by frazzled call centre staff, poor handwriting or changes in customer circumstances.

Data quality concerns not just the spelling of a name and a correct street address but also items that reflect academic achievement or marital status. In the context of customer relationships, marketers do not wish to offend or look sloppy when contacting customers – RDQ can assist in that respect.

Witt's hypothesis was that if a customer database is cleaner, more up-to-date and better consolidated, the CRM system has a greater chance of protecting the data. He cited five capacities offered by the company's product – data extraction, migration, cleansing, consolidation and consistency – as being intimately related to data protection.

PRIVACY IMPLICATIONS

Not all delegates at the conference agreed with Witt's views on data matching. Participants hinted that data quality management is nothing more than a tool for setting up vast databases that could include subsets of blacklists. And while Witt and German marketing manager Katja Hossenfelder insisted that RDQ is part and parcel of corporate privacy protection, little mention is made of privacy in the company's corporate literature.

HumanInference argues that data quality is a legal requirement for business operating within the EU. Herman Gores, HumanInference business manager for the Netherlands, said that Dutch privacy legislation places obligations on firms to maintain accurate data, which companies like his can help with.

German privacy experts interviewed outside the conference seemed to have little concern with the concept of RDQ on the face of it. Thilo Weichert, president of the German Association for Privacy Protection said that there "is no contradiction between data quality management and privacy."

However, Reinhard Vossbein, general manager of UIMCert, a data protection auditing firm, cautioned that consumers can get nervous at the prospect of huge amounts of their data being cleansed and collated. A more privacy-friendly approach to ensuring data quality, says Vossbein, is for organisations to reduce the amount of unnecessary data and avoid collecting excessive information.

Judith A Sullivan is a contributing editor to PL&B International.

For further information on data quality: HumanInference: www.humaninference.com; and www.dataqualitysolutions.com/Tom_Redman.htm