

Dangerous liaisons in the networked world

Tim Beadle argues that online networking sites pose significant data protection concerns, despite claims of strong privacy safeguards by their operators.

In recent times one of the fastest growing Internet phenomena has been the rise of the personal 'networking' website. These are sites that are designed to 'help individuals connect with or stay in touch with like-minded people'. Some are business-focused, such as the UK's e-cademy or Linked-In in the US. Others are broad-based - such as Ryze and Spoke - while yet more are aimed at connecting with friends - such as Friendster.

The question is, are these networking sites entirely legal? And who is to blame if it goes horribly wrong?

Let's start with a company called Plaxo (www.plaxo.com). Its service works in conjunction with Microsoft Outlook and, in essence, automatically e-mails everyone in your address book with a facility that enables the recipients to update their contact details online. Plaxo currently boasts 2.2 million members who, between them have given Plaxo details of over 750 million contacts. That's an awful lot of data.

Because all Plaxo do is send e-mails to those 750 million-plus contacts inviting them to update their details, which will then be passed only to the person who provided the details in the first place, it is fairly clear that they are no more than a data processor. And Plaxo has signed up to the EU-US Safe Harbour, VeriSign, and the TRUST-e privacy seal programme. In fact they go to such lengths to explain how they protect data that one could almost say "methinks they protest too much".

For sure, it is very hard indeed to see how Plaxo make money. There is no advertising, the service is free and the only visible charge is an optional \$19.95 for 'premium support' which is very hard to see any need for.

Plaxo's own business plan refers to using the data they gather to "make money" - which suggests that they will be acting as a 'data controller', not a 'data processor'.

Now let's look at Spoke

(www.spoke.com). Spoke works by harvesting contacts from your e-mail inbox. These contacts can then be searched by anyone who is registered with the Spoke network. What you'll see is usually their contact name, their company and sometimes their job title. While you cannot actually see their e-mail address, you have more than enough information to be able to call them. And none of these people will necessarily even know that they are now on the Spoke network and that anyone can see them.

Again, Spoke makes a very big play about privacy - but unlike Plaxo they visibly ignore it. Linked-in (www.linkedin.com), on the other hand, tries to achieve the same goal as Spoke, but in their case they only display information from people who have given

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their permission for it to be displayed. Yet again, like Plaxo, there is no visible revenue stream. Given that none of these companies are in business for charitable purposes it would be reasonable to assume that they intend to use the data they have gathered at some stage.

Of all the various companies in this space, the only one that seems to be making a clear profit from its core activity right now is Ryze (www.ryze.com). It has only a very basic suite of services, unless you pay to upgrade to its 'Gold' service. Like Linked-In, it only displays names with the permission of the individual and like all of them it makes a great play on matters of privacy. But, similarly the site encourages you to submit the e-mail addresses of people to 'invite' into the

network. And it is in this respect that all of these networks are probably sailing closest to the legal wind. Because, when the e-mails are sent, they are sent by the network in question. There is no prior consent, no prior relationship, nothing. They are all operating on the assumption that I have a relationship with an individual that enables me to somehow transfer my rights within that relationship to someone else. This is clearly NOT what the law says - at all.

No doubt the networks would argue that they are merely providing the facilities for me to easily invite my friends and colleagues into the network and that it is no different to me using my Yahoo! e-mail account to sing the praises of Yahoo! to them.

But there is, I suggest, a significant difference. In the case of the latter, the primary purpose of Yahoo! is as an e-mail service and you are using it for that purpose. In the case of the former, the provision of the e-mail is specifically and exclusively for the purposes of growing the network - not enabling them to e-mail friends or colleagues.

So what can we conclude? In my view, three things: (1) if any of these networks were based in Europe, they would probably be closed down by the local data protection authorities; (2) probably the intention of these networks is to do far more with the data than is stated on their websites; and (3) if you choose to use one of them, choose very carefully - after all, you could lose friends and alienate business contacts, because if it does go wrong, you'll be the one shouldering the blame!



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