

Location-Based Services and the Proverbial Privacy Issue

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Abstract

Privacy is regularly cited as a reason the LBS industry has been slow to grow. This article explains how privacy has been solved to a degree, and it further explains why newer enterprise business models may make privacy an irrelevant argument.

Privacy as Scapegoat

Journalists covering Location-Based Services (LBS) frequently search for reasons to explain why LBS market revenue expectations have not met early predictions. They often cite grossly exaggerated reports speculating that the industry would generate multibillion dollar revenue streams for value chain players to share. Most recognize that these outdated wild predictions have not materialized, and some are quick to denounce the industry a viable revenue generator. Many disappointed believers bought into these studies and look for failure scapegoats to point fingers at. Privacy, as well as the issues surrounding it, is notoriously on the receiving end of the blame, regularly identified by undereducated industry press as one of the main reasons LBS is still slow to grow into its own.

Privacy Solutions

In an article, entitled “Mobilizing Existing Users of Geographic Information? The Dumb Pipe Approach for LBS,” I touched on two LBS business models that wireless carriers around the world have been exploring the last several years. The first model began at least four years ago marked by several wireless carriers launching their own LBS applications that were, and still are, targeted at mass-market subscribers. Bell Mobility’s MyFinder, TeliaSonera’s Friend Finder, and AT&T Wireless’ Find Friends are case-in-point examples—the latter regularly highlighted in the U.S. press and often used as an editorial victim for U.S. privacy issues. Those who have written about LBS privacy issues have taken time to talk to experts such as AT&T. Those who have done comprehensive research know that AT&T solved privacy internally by setting up a moderately sophisticated authentication and authorization framework. The technology, specifically designed with mobile end users in mind, allows users to control when, why, and how their mobile location is used by the application. AT&T’s implementation is a testament that carriers are acutely aware and highly cognizant of the facts of potential liability of privacy should an individual subscriber’s location be misused.

Personal subscriber-level privacy was a huge information technology (IT) task to tackle for wireless carriers that adopted an internal application model and strategy. Regardless of whether they confronted the job through their own internal engineering efforts (e.g., AT&T) or by purchasing privacy management IT, such as a location-enabling server, they have done it. And because they have accomplished the task, I would argue that the privacy issue does not warrant the paranoid press attention it receives. Nonetheless, the majority of the U.S. public is concerned about privacy, “and we need to speak to privacy concerns by educating the mass-market public that their concerns have been addressed,” as Brian Wilson, AT&T Wireless, put it.

Privacy Types

In LBS, there are conceivably two types of location privacy—personal subscriber-level privacy and corporate enterprise-level privacy. Personal subscriber-level privacy is mainly concerned with the mass market. Personal subscriber-level privacy must supply rights and options to individuals to control when, why, and how their location is used by an application. With personal subscriber-level privacy, each individual has liberties to “opt in” and “opt out” of services that take advantage of their mobile location.

Corporate enterprise-level privacy is fundamentally different in that corporate IT managers typically control when, why, and how mobile location capabilities provide application benefits to the organization as a whole. With corporate enterprise-level privacy, an individual is part of a team, working with other individuals who share similar corporate goals and objectives. Within the enterprise, personal subscriber-level privacy is sometimes irrelevant because location is not “nice-to-have for me,” but rather a critical requirement for staff to function productively while mobile. Equally, mobile workforce locations provide back-office decision makers with essential knowledge to communicate more effectively with field staff, which in turn makes life less frustrating for mobile staff.

Is Privacy a Concern for the Enterprise?

While privacy issues in LBS still receive a lot of press attention, and I agree that privacy is indeed a serious issue, I would nonetheless argue that privacy is blown out of proportion. Furthermore, privacy is not *the* reason why LBS has been slow to grow. Inadequate business models between those involved in the LBS value chain should receive more blame.

As LBS business models mature in 2004 with the introduction of location wholesale offerings designed for enterprise developers and users, personal subscriber-level privacy will likely assume a back seat to corporate enterprise-level privacy. Enterprises need location to operate more efficiently, save time, and cut operational costs. Location and its value is something they understand well, and it is a GIS application *feature* they have been utilizing for years with their existing enterprise GIS. Personal subscriber-level privacy from a mobile enterprise’s perspective is often an afterthought. However, for a mobile location provider, privacy is a serious concern because they must ensure they are not liable for location misuse. The encouraging situation for the enterprise LBS market is that privacy management agreements between mobile location Web service publishers and corporate enterprise can now be handled at a corporate enterprise level rather than at the personal individual level. This in turn means less personal subscriber-level privacy management procedures, less legal work, and accelerated business development opportunities conducive to an already mature ecosystem of enterprise users prepared to start taking advantage of mobile location capabilities.

With location wholesale and corporate enterprise-level privacy business models targeted for enterprise GIS users and developers, 2004 could be a good year for LBS. Perhaps these business models and privacy solvers will lessen the perception impact of those annoying press reports that cite privacy issues as impedances the LBS industry must

navigate in order to proceed down the road toward market success—my fingers are crossed.