



The case for the Information Trust Exchange

Some industry insiders and analysts believe the emergency of a shared-user network for trust, identity, privacy and information commerce would benefit the news industry.

The unique selling propositions to consumers enabled by the ITE protocol:

- Manage your persona
- Help you find the information that matters to you
- Privacy protection
- Make money from offers
- One ID, one account, one bill
- Reliability
- Choice of service providers
- An “easy pass” for information commerce

CONCERN: Many of the players in a trust and information commerce ecosystem would have interests that might compete with the network approach.

Protecting, extending the silos

An important design criteria for the protocols would be that nothing stops a participant from continuing to operate within their silo. A good analogy might be to a department store that accepts Visa or Mastercard, but also continues to offer its own store revolving credit card. To be blunt about it, Apple is not going to play in a new ITE ecosystem if that ecosystem requires them to shut down the iTunes store or alter how it operates. Ditto with Amazon and with Facebook Credits and Connect. The ITE protocols have to additive to their business, a way for them to expend from their three-party services into a true four-party trust network.

Worth noting here is Google executive chairman Eric Schmidt’s comments in 2012 when interviewed by Kara Swisher and Walt Mossberg. He said that the generally Internet infrastructures are open and that multiple players can participates. In that context he sees it as not a good thing that the identity space is practically being managed at this point by Facebook Connect. And he observes that it would be a good idea if that was done in an open networked, collaborative way with a bunch of companies doing it.

So here you have one of the biggest web players understanding the need for a collaborative approach to identity.

The network effect

It's useful to think about the phone industry, the electric industry, the credit-card and cell phone industries as reasons why collaboration around network protocols ends up being a win-win for consumers and operating participants. This concept was well-explained by Tom Evslin, ex-Microsoft executive and creator/CEO of AT&T WorldNet, (via Skype) to our "Blueprinting the Information Valet Economy," summit Dec. 3-4, 2008, at Rji-Mizzou at the beginning of my fellowship.

A phone that only calls in the neighborhood is not of much value. A phone that calls around the United States and even globally has much more utility. A cell phone which connects to one cell tower is useless. If power grids had different cycles and some were AC and some DC so they couldn't interconnect; you wouldn't be able to move electricity easily around the grid and send it to where it is needed. It's important to have those collaborations.

Think of information the same way. If it can't be sold across a grid – a network – then it is locked in a silo and its commercial potential is limited.

A bank debit card that only works at the ATM machines of your bank isn't nearly as useful as one that works across a regional network or even across the country. Even though you may be annoyed that a "foreign" ATM gets a \$2 commission when you draw out money far from home, the value of convenient cash outweighs the financial pain. A BankAmericard that only worked at BofA branches or merchants with BofA accounts was of some use, but it didn't scale very fast – that's was before the BankAmericard morphed into the non-stock association – the Visa International Services Association – and the Visa card – the world's largest collaborative network for the exchange of value.

About identity management – 'personas'

The notion of a network with millions of personas is precisely what could be enabled by an Information Trust Exchange which establishes opt-in rules and protocols so that millions of Information Valets can operate as competing, trusted brokers, agents, advisor, curators to consumers. These are places where you as a consumer can lodge your persona – or one of your multiple personas. You might have one persona with your

health insurance, another with the social-security administration, another with your news purveyor, you might have another with a particular retailer and one with your bank or financial-service provider.

The only thing the network protocols have to specify is a common set of rules for exchange of persona attributes -- rules within the control and purview of the consumer and enforceable by the Information Trust Exchange. The ITE holds an ultimate sanction of kicking an InfoValet identity service provider, or a relying party – the content provider – off the network if they are not meeting the requirements of the system. This is the purpose and important of the 600 pages of exchange rules developed by the Visa International Service Association and other card networks. These force merchants to toe the line or get thrown off the network. If access to the network is vital to business, then the ability to cut somebody off the network is a strong governance stick.

Distribute benefits; distribute build costs, too

Envisioning the cost of implementing common protocols and opt-in business rules is certainly mind-boggling, because of the utility and the value of what is created. An analogy might be to say, "Envision the buildout of the Internet and all of the networks that connect to the Internet today." That would certainly be a mindboggling number. But it's almost an irrelevant number to try and compute because it comprises multiple pieces of a collaboration for which the costs and benefits are spread across N-number of participants – a very, very large number. So what's important to ask, is what is the minimum requirement to get the protocols and the rules established so that then commercial parties can create the network infrastructures and spend the money to connect to it? They only need to do so as much as is consistent with the business benefit they see themselves getting.

So the infrastructure costs almost zero to start – we estimate less than \$20 million – and scale up as the utility and value of the collaborations scale. The Information Trust Exchange is not a billion dollar, or even a \$100 million dollar effort. It is an effort to create a common language and governance around which commercial entities can make their own business decisions about how much to spend to enable and connect to the network. The reason they can't do that now is because there is no certainty about an interconnect, or a private, yet public-benefit system of unified policy, governance and sanctions which transcends any single government or enterprise, as does the Internet itself.

If you were to start today and say, "Let's create the internet!" and you envisioned that task without any understanding of TC/IP or how pack switching works, or the domain name service, you would certainly see that as an almost insurmountable challenge. But that's not how the folks responsible for what has become the Internet started with their thinking. They simply tried to create a simple, "dumb" network protocol and then allowed first academic, and then business, to build upon it. They didn't mastermind the possibilities. They just created a universal pathway around which all kinds of networks swarmed.

Consumer need already demonstrated

The consumer need is for trustworthy, reliable information that helps people get through their day, be informed citizens and be entertained. It's quantified by observation of the more than \$2,300 per year on average that Americans spend on information services. (I'll find the citation for that figure). This is not a new need; we're talking about a replacement technology for existing services, such as newspapers, broadcast television, magazines and other services. So what needs to be quantified is some intelligent estimates of how much of that \$2,300 a year could be moved into the ITE ecosystem.

The control of persona is nothing new. Personas are now being controlled by the marketing industry in many and varied ways, and to some degree by the news and magazine industries – through subscription management and third-party ad targeting. The ITE protocol would create the opportunity for a new kind of entity which would help consumers manage their personas across a variety of information services – some paid and some that pay, or reward. The success of all kinds of loyalty programs are a proof-of-concept to this kind of information persona management.

Less certain is the appeal to consumers of services that give them the ability to carefully define their information interests. It remains to be seen if this will work best if it is expressed by the consumer directly or inferred by the consumer's behavior and then fed back to the consumer. A good example of inferred personalization is Amazon recommending books, or Netflix recommending movies. Good examples of combined expressed and inferred preferencing is the Pandora music service. You can "thumbs up" a song to help Pandora's algorithms more frequently present songs with similar voice, instrumentation, period, mood, or genre that might interest you. A new iPad app, Zite, is starting to mix both inferred and expressed personalization, and Circlabs Inc. aspires to do so with an HTML5 tool branded for local publishers as a tool to help them move "From Paper to Persona."

Personalization is likely to involve a great deal of mixing and matching between inferred and expressed preferencing. And the point is not to come up with the perfect solutions. These will vary for different applications – and different consumers have a greater or lesser appetite for being "programmed" by inference as opposed to self-selecting and expressing their interests. An ITE framework or architecture would allow the transfer of that personalization information across multiple services and uses, so your persona is not siloed in one place and is able to be shared across the web as you choose.

Real operation is proof of concept – fail fast and cheap

Running real experiments is inexpensive in the web environment. The notion of a proof of concept is a good idea and that's certainly where we are hoping to be with the InfoValet Circulate Discovery Service. Failing fast and cheaply works well.

The outsourcing of trust

The idea of trust being outsourced is intriguing and worthy of further discussion. For example, we largely outsource trust to Facebook when we use Facebook. We outsource trust to Google. And we are in effect building personas, but those personas are fragmented and spread like breadcrumbs across hundreds of websites. They are not in any coordinated place, yet. There is some indication that both Facebook and Google are attempting to respond to both regulatory pressure and potential consumer interest in having a sort of persona dashboard. This is a promising development, but only if those persona silos are able, one day, to be shared under the consumer's purview and control.

Most trust involves third party

Inherent in the word trust is usually the need for an intermediary. In human communities, I trust somebody else in the community either because I have direct personal interactions with them (which I judge to be favorable), or because they're vouched for by some third party, like a bank or social-service entity, an affinity group, school or mutual friend. Because the web is virtual, and face-to-face interactions impossible, trust has to be built either through those third-party references or through some method of direct though virtual interaction such as friends in Facebook.

In an increasingly virtual and global society trust is almost always outsource. It is very rare that trust is based upon direct, face-to-face, one-to-one relationships. The Visa network is really more a trust network than a financial network if you think about it. It allows me to walk into a bank in Prague and withdraw or borrow money by presenting my Visa card. The Prague bank has no basis to trust me personally, it's just that I have an account with a bank that is a member of the Visa network, and that means they know they will be paid back – if they give me some cash. They are trusting a third party – Visa – and therefore me.

The point of a shared-user network for trust, privacy, identity and information commerce is to create that kind of third-party trust infrastructure for information commerce. It is not to overcome or supplant the investment in sharing and persona management that existing institutions already have. What's necessary is to create a framework that allow the existing institutions to leverage the trust relationships they've already built with their users – to enable additional commerce across additional platforms and in other areas – and to share that trust and those relationships with other parties.

Why legacy news collaboration has failed

The key reason why legacy news organizations have failed to agree on many protocols and platforms is because those platforms have always been dominated or controlled by a for-profit, investor-owned entity, which engenders mistrust from the very start among parties who aren't sure who's interests are paramount. That's not what the ITE would be, or do. The notion of non-equity ownership, shared governance and collaboration in getting the ITE going is core to the idea and the idea of having one-on-one meetings with key potential players to explain this paradigm shift is very sound and should proceed ahead of a convening meeting.

Ironically, the enabling of a common platform for the sharing of digital information and value by a non-stock, non-investor-owned entity like the ITE can be the catalyst for a robust commercial market in information dominated by for-profit entities. The New York Stock Exchange began as an association, but fostered a spectacular financial exchange for more than a century among private brokers and enterprises because it, as an association not dominated by a single owner, was trusted by its members.

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