

MoJ Consultation on EU Data Legislation, Balance of Competences

Submission from ARM Holdings

Introduction

ARM is a high tech company with a global business and offices in many countries, but Headquartered in Cambridge, UK. We design microprocessors, used in 95% of mobile phones and many other products. We are a FTSE 100 company, also listed on NASDAQ.

This short note is not an attempt to cover all the question your consultation has posed. But to offer comments linked to you points more generally, particularly to the last two questions you ask.

The Internet of Things and Data

Our interest in data protection flows from our interest in the so called Internet of Things (IoT). In broad terms, this refers to a world in which many objects will have sensors and be able to send data about them, or about their environment, somewhere else. The data can also be collected and transferred and analysed in the cloud/ internet. Many companies are talking about this (including e g Cisco which has described it as the 'Internet of Everything'). Admittedly, it is a concept which has been talked about for some time: but it is increasingly becoming a reality. From our position in the supply chain, we can see some of this from the increasing sales of our smallest microprocessors designs, which are ideally suited to IoT applications.

IoT holds out the prospect of enabling society to use resources more efficiently and to deliver services more effectively, through, for example, better management of domestic and industrial energy consumption, better delivery of health services into people's homes and the creation of so called 'smart cities'. It will also help drive economic growth as new services, based on use and analysis of data, come into being.

We believe ARM technology will play an important part in realising IoT.

IoT may not necessarily introduce conceptually new issues into the data debate, but it will produce a lot more data, much of it streamed automatically from objects with sensors in them. It may therefore magnify some of the issues.

At the same time, it is likely that the IoT will only develop to its full extent and thus realise the benefits it can deliver, if the data it produces can be used in various ways to help drive growth. This includes subjecting data to various types of analysis, and therefore transferring data to specialist data scientists. Furthermore, data, unlike many raw materials, is reusable: indeed it is not possible to predict all the potential uses of data.

Developing the best framework for data protection will be important in giving consumers confidence in how their data is used, and thus helping to realise the full benefits of the coming Internet of Things.

Data Protection

Any policy approach to data protection must try to take account of the way in which the technology and the opportunities it opens up are changing. This is a potentially fast moving area. Data Protection approaches designed for a different era may not suffice.

And, as indicated above failure to get the policy approach right risks slowing, if not derailing, the benefits that IoT can bring.

We believe there is a window now in Europe to shift the debate on Data Protection so that it looks ahead at how a data framework can liberate the Internet of Things. We need to find a way of putting consumers more in control of what happens to their data, without creating a framework which discourages innovation in the use of data.

One approach would be for any new framework to focus on the *use* to which data is put (although this is questioned in some quarters, who would prefer the focus to be on *collection*).

A key challenge in any discussion of use, is to break down the various possible uses into simple categories so that those involved can have a clearer idea of the possible uses of their data. Very few people read Terms and Conditions, so a simplified (but comprehensive) set of categories could be an important step towards transparency and giving consumers more information and control.

We have been looking at a categorisation based on the fact that broadly speaking, data can be used:

- (i) to target information at consumers based on their perceived interests, or maybe an inference about their life styles. (We can call this 'consumer as target'), or
- (ii) to generate a wider conversation about consumers aimed at predicting their interests (for example predicting illness or pregnancy from an analysis of their shopping habits), or categorising them for marketing purposes (for example as 'urban single parent'), or generating other conversations about them (for example transferring health data to an employer). (We can call this 'consumer as topic'.)

We can see these trends (particularly (ii), since (i) has been around a long time) emerging in the US where the activities of data brokers are beginning to attract attention from regulators (the Federal Trade Commission).

A further broad categorisation is 'anonymised data' (to the extent possible). Such data could in theory be used for a variety of marketing, product design and social or health policy analysis.

These labels may not be perfect: but we believe there needs to be further thought given to this sort of approach. Above all, consumers need to be aware of these potential uses of data, and the benefits each may bring. And they need to be made aware in simple terms. Hitherto much of the debate has been around data collection and retrieval. These are still important, but it could be useful to consider some of the issues mentioned above too.

A further key point is that any approach needs to be international in scope, and ideally global. IoT is likely to be a global business. Low cost sensors will be key in ensuring wide take up of IoT, and this points to its being a large volume global marketplace. In addition of course, data can be stored and analysed in jurisdictions separate from the one where the data was collected.

I also attach a wider paper on some of these issues which ARM has prepared in conjunction with a US partner company, AMD.

ARM June 2014