Mobility 2030 – Data rules

Thriving on disruption series

Global Strategy Group

Will anyone own data in the future?

4,000 gigabytes of data generated by a self-driving car per day, according to estimates[1]. One of the distinguishing features of the mobility ecosystem will be the sheer amount of data it generates.

Through connected and always on mobile data collection devices, customer data will be generated in huge volumes and collected continuously. This will present enormous opportunities for service providers – to understand customer behaviors, predict their needs and offer personalized add-ons and enhancements, which in turn will drive new revenue streams.

But it also raises a number of significant questions, particularly around how data will flow and will be owned by different parties as it moves through the system. These implications will need to be carefully evaluated if businesses are to gain and keep consumers' trust to collect this data and convert it into successful services and solutions.

Data sharing, data ownership

In a mobility ecosystem, data will inevitably flow between the different players so that the right services can be offered at the right time. This means that ownership of the data will also necessarily change as it progresses through the network.

So how can data be shared in a way that also respects the customer's privacy and does not breach their permissions?

All data is personal

Much of the data generated by autonomous vehicles (AV) will be generic and seemingly innocuous: a customer's location at different times, the speed at which they are driving, their mode of transport. However, with the continual advancement of data analytics, almost any data can be used to build up individual profiles. For example, if a customer regularly travels to a place of worship then it can be deduced that they have certain religious beliefs – which is data of a very personal kind.

The success of a mobility ecosystem will depend on users being able to trust that their data is being used responsibly and appropriately to provide personalized real-time interactions, rather than purely for the commercial benefit of the AV provider.

Privacy and permission

Given that all data collected could potentially be linked back to individuals, one of the critical issues will be to manage customer privacy and permissions for data usage or sharing. A customer may opt in to allow their data to be collected by an AV provider – but if that data, through the connected ecosystem, becomes available to another player such as a ride-sharing company or insurer, what are the boundaries around its use and in what form will it be shared between stakeholders?

From the customer's perspective, the key criteria will be one of personal benefit. If their data is shared so as to offer them services that are of genuine benefit that enhance their experience, this is more likely to be positively received.

For example, if a customer books a hotel in the mountains and then books an AV to take them there, they may welcome an approach from an insurer with a recovery option add-on or from the AV provider to have winter tyres installed. But if they receive spurious holiday adverts from travel companies in other mountainous locations, that will probably be far less welcome.

Data exchange platforms

This was a topic of lively debate and discussion at a Mobility 2030 event we recently held at at KPMG's UK member firm – with some interesting and innovative solutions put forward.

One of the key concepts was the creation of independent data exchange platforms – shared platforms into which data would flow. The incoming data would be cleansed and anonymized through a system of digital IDs whereby a customer's information is linked to a digital identity, which would not be accessible on a personal level. However, the data could be tagged so that relevant information is made available to players for them to offer relevant services. The technicalities of how this tagging could work would be a key design challenge.

Under this model, data ownership would be shared between the participants. This Special Purpose Vehicle (SPV)[(a)] would link up all the players across an ecosystem who would work together to create a database that everyone could leverage.

SPVs could form along sector lines – an AV SPV, an insurance SPV, a payments SPV, for example – or segment by client/user. Alternatively players across different services could join up into vertically integrated SPVs.

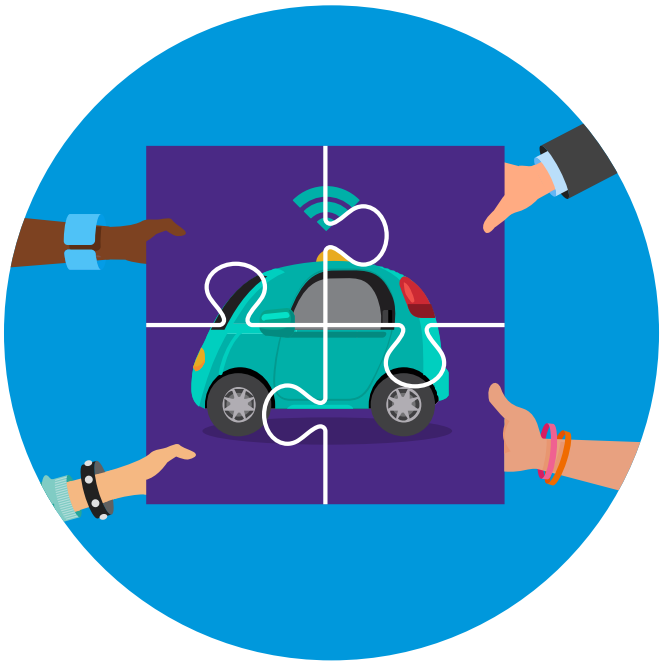
All of the members of an SPV would pay a share for the management of it. But additional financing could be raised through secularization: offering customers the opportunity to take out a bond in the SPV. This would both raise funds and incentivize customers to allow their data to be used. For the first time, customers could benefit through a commercial stake in their own data.

Current models, where 'over the top' (OTT) players, such as aggregators, extract a benefit from the networks of others and effectively keep all the data, are likely to become severely challenged in a future where data will be more widely shared. These OTT players will exist, but they won't be owning the data.

Federations of competitors

In essence, the vision for the future is a world in which competitors work together to share data to mutual advantage. Those organizations that attempt to keep data to themselves are unlikely to succeed – the network will be simply too big and too open-sourced for this to be viable.

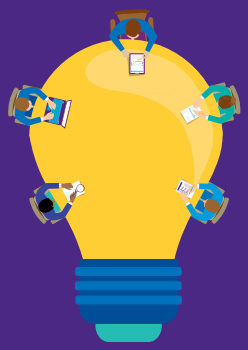
We will need to see ecosystems, or 'federations of competitors,' as we phrased it at our recent Mobility 2030 event. Success will be about collaboration and cooperation. Or, as another industry executive put it, it will be about 'co-opetition'!



Winning strategies

So where does all of this leave players today? The winners are likely to be those who are prepared to collaborate – but also those who can offer their customers real advantages through the sharing of their data. If they can incentivize customers effectively – through offering a pricing advantage, quicker response times or more personalized experience – then they are more likely to gain the permissions they need. In addition to this, even in a collaborative SPV world, it will be those organizations with the most sophisticated data analytics capabilities that are able to steal a march on their peers and offer the most enhanced services.

Data will rule – but organizations will need to collaborate together in shaping the future ecosystem through which data can flow safely and freely if these new kingdoms are to be built.



Sourcing and notes

1. Just one autonomous car will use 4,000 GB of data/day, Network World, 7 December 2016. (https://www.networkworld.com/article/3147892/internet/one-autonomous-car-will-use-4000-gb-of-dataday.html)

a. Special Purpose Vehicle (SPV) – is an entity (limited company or limited partnership) that is established to fulfil a narrow, predefined, and specific purpose. SPVs stand as their own legal entity.

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