

# Mydex Data Services CIC

## The Third Sector and the Future of Stakeholder Engagement in Challenging Times - A Mydex White Paper

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# Table of Contents

|  |    |
|--|----|
| EXECUTIVE SUMMARY .....  | 3  |
| INTRODUCTION – THE USUAL PRESSURE, ONLY WORSE.....                                 | 5  |
| GIVING HAS REDUCED .....   | 5  |
| THE THIRD SECTOR – CHALLENGES AND CHANGES.....                                     | 7  |
| CHARITIES HAVE TO BECOME INFO-CENTRIC.....   | 7  |
| SUPPORTERS WANT VALUE-FOR-MONEY .....  | 8  |
| THE POOR REPUTATION OF IT.....   | 9  |
| COMPETITION IS INTENSE.....  | 12 |
| RUNNING JUST TO STAND STILL.....   | 13 |
| I’LL GIVE – BUT TO WHOM? .....   | 14 |
| SAVE A CHILD OR INVEST IN A COMMUNITY? .....                                       | 14 |
| SATISFYING THE SUPPORTER AND SUPPORTING THE BENEFICIARY .....                      | 17 |
| SUPPORTER-CENTRIC ORGANISATIONS.....   | 17 |
| BENEFICIARY-CENTRIC ORGANISATIONS.....   | 18 |
| THE IMPORTANCE OF SECURITY .....   | 20 |
| THE COMMUNICATIONS CHALLENGE – USING DATA IS KEY .....                             | 21 |
| DATA-SPECIFIC ISSUES FOR THE THIRD SECTOR.....                                     | 22 |
| PERSONAL DATA STORES – A REVOLUTION IN SUPPORTER &<br>BENEFICIARY MANAGEMENT.....  | 25 |
| HOW DO PERSONAL DATA STORES WORK? .....  | 25 |
| AN INNOVATION AGENDA .....   | 33 |
| QUICK WINS VERSUS STRATEGIC IMPACT – THE PDS ADVANTAGE                             | 35 |
| IMMEDIATE IMPACT WITH ON-GOING BENEFITS .....                                      | 35 |
| ENHANCED BENEFICIARY RELATIONSHIPS – A ‘GAME CHANGER’ FOR SOME ORGANISATIONS ..... | 37 |
| LONG-TERM VALUE COMING TO THE UK NOW.....  | 40 |
| THE PDS-ENABLED SUPPORTER OR BENEFICIARY .....                                     | 43 |
| THE PDS-ENABLED ORGANISATION.....  | 44 |
| THE ROADMAP TO PDS-ENABLEMENT.....   | 46 |
| A SIMPLE BENEFITS EXAMPLE .....  | 47 |
| THE STAGES ON THE JOURNEY .....  | 48 |
| THE COST MODEL – LESS THAN A POSTAGE STAMP.....                                    | 50 |
| THE NEAR FUTURE – IMAGINE THE POSSIBILITIES .....                                  | 53 |
| INTERACTIVE GIVING – KNOW HOW IT IS SPENT .....                                    | 53 |
| TAILORED COMMUNICATIONS .....  | 54 |
| PDS-DRIVEN GIVING.....   | 55 |
| KNOWLEDGE TRANSFER AND TALENT MATCHING.....  | 56 |
| CONCLUDING REMARKS .....   | 57 |
| CONTACT DETAILS .....  | 57 |
| APPENDIX A – IMPLEMENTATION REALITIES .....  | 58 |

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Mydex is a special kind of company, a Community Interest Company, with a defined social purpose of helping individuals to realise the value from their personal data. To do this, above all it must work for the individual and be seen to work for the individual. It also has to show benefits for connecting organisations.

As part of our mission we provide the individual with a hyper-secure personal data store and series of tools and utilities that help them manage their personal data, coupled with a means and mechanism of securely sharing information with other individuals and organisations. Some of these organisations may be suppliers, others developers and providers of applications that help them work with and add value from their own personal data.

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## Executive Summary

Third sector organisations are facing unparalleled challenges. In the face of a stagnant economy they have seen a 20% drop in giving in real terms<sup>1</sup>. In addition, the number of people giving has fallen way behind the growth in the number of organisations in the voluntary sector so competition for donations is ever more intense.

This basic income generation challenge is further compounded by the changing nature of the charity landscape and the expectations of their supporters. In an 'always-on' wired world today's supporter is ever more likely to want up-to-the-minute information about the charity's achievements, to see that their money is making a long-term strategic difference as well as having an immediate impact and to be confident that the organisation is being run as efficiently as reasonably possible.

Furthermore, the charity has the impossible task of communicating all this without either spending too much money or drowning the supporter in piles of generic information that never actually gets read, let alone inwardly digested and responded to. Keeping supporters truly engaged is essential in this sector but with ever more organisations vying for attention this is more difficult than ever.

Direct mailings, while still popular, are expensive and generally impersonal and whilst targeted emails have started to replace some of these mass mailings they often get lost in spam or simply do not get read. Furthermore, both approaches suffer from the on-going problem of out-of-date records that are costly to maintain, expensive to cleanse and update and, in many cases out of date again within months.

Attempts to use social media to interact with supporters have met with only modest success, and certainly less than forecast, and there is a broad recognition across the charity sector that organisations have failed to get the most out of technology. Charities are therefore looking for alternative, cost-effective and low risk approaches that can deliver desired outcomes - transform fund raising, win new supporters and re-engage existing ones, enhance services to beneficiaries and

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<sup>1</sup> Charities Aid Foundation and National Council for Voluntary Organisations: UK Giving Survey, 2012

increase operational capability without destabilising existing streams of income or effective delivery of programmes.

Mydex Personal Data Stores provide a trusted and highly secure platform for engagement and operations that deliver reduced operating costs and increased engagement, satisfaction and agility of response leading to increased giving, maximised Gift Aid contributions, extended lifetime value of supporters and an organisation that is able to deliver more bespoke, targeted, timely and valuable programmes to beneficiaries.

As changes in privacy legislation work their way through the UK and EU, and as the dramatic changes to the UK welfare reform and Universal Credit (UC) take hold in 2013, then Personal Data Stores will become business as usual for a great many citizens, providing charities with tremendous opportunities to realise many of the aforementioned benefits immediately and build an affordable, secure platform for enhanced supporter and beneficiary relationship going forward.

Personal data services are easy and quick to connect to for the individual to start to use, provide immediate impact on the organisation's bottom line and improved engagement. They have the potential to make an immediate, substantial difference to charitable organisations in terms of increased fund raising, enhanced service/programme delivery to beneficiaries and reduced operational costs.

# Introduction – The Usual Pressure, Only Worse...

In the second decade of the new millennium organisations in the ‘Third Sector’ are facing unparalleled challenges. The charity sector has always relied heavily on donations and financial goodwill to support its many and varied activities but in real terms donations have dropped substantially in recent years.

## *Giving Has Reduced*

The majority of charitable gifts from individuals are relatively modest amounts and have dropped recently. A major study in 2012<sup>2</sup> found that the median giving per person was approximately £10 in 2011/12, down from £11 the previous year and £12 the year before that. The mean amount of £27 per person, differing from the median because of a small number of large donations, was £4 lower than the previous year and is the lowest mean value since 2004. Whilst charity

***The estimated total amount donated to charity by adults in 2011/12 was £9.3 billion. Compared to 2010/11, this is a decrease of £1.7 billion in cash terms, and a decrease of £2.3 billion in real terms, after adjusting for inflation.*** (Charities Aid Foundation and National Council for Voluntary Organisations: UK Giving Survey, 2012)

giving amongst UK adults remains widespread with 55% of adults giving to charity in 2011/12, this is actually down from 58% in 2010/11.

In 2012 Mydex carried out its own primary research with non-governmental organisations (NGOs). This supports findings of other research that, with overall giving down but costs dramatically higher, the charitable sector is being squeezed like never before.

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<sup>2</sup> Charities Aid Foundation and National Council for Voluntary Organisations: UK Giving Survey, 2012

In addition, supporters increasingly want evidence that their contribution is making a difference; to know that their hard-earned donations are being used wisely, that necessary costs are kept to a minimum and that the money being spent is sustainable – that it is not going into a bottomless pit but rather it is being used to generate lasting benefit. As the Chinese proverb says, “Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime.”

# The Third Sector – Challenges and Changes

Whilst maximising income and using it in the most strategically efficient manner possible will always remain the dominant challenge for third sector organisations, the charity sector today faces a very different set of pressures to that of twenty years ago. Charitable organisations in the 21<sup>st</sup> century have to exist and compete for income in an information-centric ‘global village’ with ever more aware and demanding supporters.

Increasingly, charities are in the role of wealth creators, of using the gifts of others to invest strategically, through government initiatives, local development programmes and partnerships with indigenous people groups to transform the lives of the next generation, all the while attempting to continue to feed, heal, clothe and support this generation. For example, Christian Aid states that, “*Christian Aid is committed to seeing an end to poverty. We believe the best way to deliver value for money for donors, supporters and those living in poverty, is to focus on achieving far-reaching and lasting change.*”<sup>3</sup>

## *Charities have to Become Info-Centric*

More than ever before, supporters want to see where their money is going. No longer is it enough to believe in or agree with the overall principles of the charity. Today’s supporter does not want to just help people in a poor part of the developing world; they want to buy a goat for a family, to know where the family live and what they are called, to hear about the way the goat has impacted their lives and how much milk it gives them, how many kids it produces, how well they sell down the market or how quickly they reproduce, thus generating more wealth, so a way is needed of getting that information back to the supporter.

The same principle applies to a wide range of charities. Cancer Research supporters may want to give to a research project for a particular type of cancer (for reasons of family history) and to hear about its results; Amnesty International supporters may want to help with their work in a particular country or to assist with advocacy for a specific

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<sup>3</sup> How Christian Aid Assesses Value-for-Money in its Programmes; Briefing Paper, Christian Aid, July 2012

individual. Many of today's charity givers are increasingly information-centric, wanting to feel that they are at least aware of, and preferably directly involved in, the impact their donation is having.

This immediately presents a challenge to the charities, as traditional methods of communicating with supporters are inefficient, expensive and impersonal. Furthermore, supporters will react negatively if they perceive too much money is being wasted on communication so there is increasing need for an efficient, personalised and secure two-way communications channel that is at least as cost-effective as existing channels.

### *Supporters Want Value-For-Money*

On top of all that, supporters want to be sure that money spent on administration is not wasted but is instead spent on activities that offer what they perceive as being 'value-for-money'. As a result, third sector organisations want to be seen by their supporters as getting maximum value from everything they do, including systems and processes, and avoiding spend on anything that does not have a rock-solid return-on-investment case. Charities have differing ways of assessing 'value-for-money' but one approach is to consider the four 'Es' of Economy, Efficiency, Effectiveness and Equity<sup>4</sup> and this can inevitably be complex to communicate to supporters. Christian Aid describes the principle as the number of people impacted multiplied by the significance of change multiplied by the level of exclusion for each pound spent.

***“60% or greater is reasonable for most charities. Most highly efficient charities are able to spend 75% or more on programmes.”***

The proportion of income spent on active programmes rather than administration will vary according to the primary activity of the charity but CharityWatch states that, “60% or greater is reasonable for most charities. Most highly efficient charities are able to spend 75% or more on programmes.”<sup>5</sup>

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<sup>4</sup> Independent Commission for Aid Impact – Report: ICAI's Approach to Effectiveness and Value for Money, November 2011

<sup>5</sup> American Institute of Philanthropy



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## IT Delivers Value When Correctly Implemented

Across the charitable sector there have been some high profile technology failures, such as the MassiveGood initiative in 2010.<sup>1</sup> This project, as with so many technology-centric initiatives, actually failed despite the technology rather than because of it, as most of the time it is not the technology itself that is at fault, but rather the implementation.

In MassiveGood's case it was brand-awareness that was the issue. For other projects it is typically the lack of proper project controls, planning or simply inadequate understanding of the business processes.

([www.tnooz.com](http://www.tnooz.com), 25th November 2011)

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Some do much better still. For example, Tear Fund specifically claims, “For every pound you give, approximately 91 pence goes to our emergency, development and humanitarian work, as well as other elements of our charitable work such as campaigning and advocacy. Approximately eight pence is spent raising funds (which compares well with similar organisations) and less than one penny in every pound on costs of governance.”<sup>6</sup> Hence the vast majority of its income goes to the people who need it most – the end beneficiaries of the organisation's work. Organisations need to be able to maintain such a ratio in order to keep the confidence of their supporter community. “I think there's a lot about thinking how much of this money is actually going to do what they say it's going to do, and how much money's getting sliced off in administration.”<sup>7</sup>

Charities are therefore faced with the paradox of being seen to spend as much as possible on active programmes yet with a need to communicate the efficiency of these programmes effectively to an ever more critical and hard-to-please network of supporters, again highlighting the need for a cost-effective communications channel.

### *The Poor Reputation of IT*

IT initiatives across all sectors are somewhat notorious for failing to deliver promised value with perhaps only around 60-70% of projects being deemed a ‘success’<sup>8</sup> and many organisations quoting substantially lower figures. Headlines about government IT projects such as the London Ambulance Service, Passport Office or the Libra courts system to name but three<sup>9</sup>, have further served to make people nervous and suspicious about organisational spend on technology.

*The Sector Needs IT but is Nervous about Investing:* The problem this gives third sector organisations is that they face a degree of cynicism from supporters about the value of technology, yet the organisations themselves recognise that in principle technology can deliver value and improve delivery of services.

According to a recent survey report commissioned by Accenture, “Three-quarters of charities (76%)

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<sup>6</sup> [www.tearfund.org/en/about\\_us/finances/](http://www.tearfund.org/en/about_us/finances/)

<sup>7</sup> Respondent to research by Charity Commission - Public Trust and Confidence in Charities Survey, 2010

<sup>8</sup> Ambler, Scott W; How Successful are IT Projects really?, [www.drdoobbs.com](http://www.drdoobbs.com), December 2011

<sup>9</sup> The Independent, 19<sup>th</sup> January 2010

*believe technology has increased the number of people they are able to help, however few are investing in new technologies such as mobility, cloud and social media. The report found that 44% of charities believe IT speeds up the delivery of services and has had a profound impact on raising awareness and data collection by allowing organizations to better engage with new audiences. Almost half (44%) confirmed technology enables them to do more with less, allowing them to fund the same projects at lower costs, while 61% have reported efficiency gains.”<sup>10</sup>*

**“Despite wanting to use new technologies, some charities are struggling to invest in areas that could show huge benefits.”**

Andrew Poppleton,  
Accenture

The report went on to surmise that, *“Despite acknowledging the benefits technology offers, economic uncertainty and budget pressures mean few charities are investing in new or emerging technologies. Some 30% of charities have no plans for social media even though almost half (44%) believe it will have the biggest impact on charities over the next five years.”*

So charities face another challenge – to exploit data about their supporters in an ever more effective manner, in order to maintain, and preferably increase, giving from each supporter while winning new ones. Yet they are often unwilling to invest in new technology that may help. As Andrew Poppleton, Managing Director of Accenture UK & Ireland stated in response to the report, *“Despite wanting to use new technologies, some charities are struggling to invest in areas that could show huge benefits.”*

IT costs have always tended to be an issue for these organisations and keeping up-to-date with useful technological advances whilst continuing to gain a return on legacy investment is a constant issue for the overworked and underpaid charity sector CIO. Those third sector CIOs who have correctly implemented IT to address the right challenges know that it can be critical to organisational success and have seen it deliver value, reduce costs and save time, as well as increasing and enhancing engagement with supporters and beneficiaries.

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<sup>10</sup> [www.Accenture.com](http://www.Accenture.com), Survey in support of Byte Night, 4<sup>th</sup> October 2012

*The Dark Side of Digital Giving:* Whilst it is clear that technological initiatives can offer tremendous opportunities to third sector organisations the sector needs to be very careful about privacy issues and unscrupulous claims from organisations seeking to exploit online goodwill in an unethical manner.

There is a steady rise in web-based solutions that appear to generate additional income for the charity sector for no cost or effort to the consumer such as adding a charity giving toolbar to your browser, using a search engine or carrying out online transactions that generate cash for charities. Tanuj Verma, author and webmaster of Technowit ([technowit.org](http://technowit.org)) states that, “*Over the past few years, several social-minded search engines have taken to donating a share of their ad revenues to various charitable organizations. The search engine charity movement has resulted in various search engines targeted at different charities and geographic locations.*”<sup>11</sup>

Sometimes, as in the case of Everyclick for example, this is entirely ethical in the way it is managed. Everyclick will allow you to search via a search engine powered by Yahoo and sites that you end up at pay Everyclick for generating that site traffic. Everyclick’s Give-As-You-Live service receives royalties from online retailers that you purchase from. In both cases the data collected about the individual is treated ethically and is not in any way sold on for additional revenue. The retailers and website managers receive no information about you other than that which they would gather in the normal course of you interacting directly with them.

However, there are services that, on the surface of it, appear similar but carry a sting in the tail that individuals are often unaware of.

The company responsible for one particular free toolbar (FreeCause) that users can download and install on their browser claims that organisations can, “*Drive mutually beneficial activity that rewards members with valuable, desired incentives ... Integrate your brand in your members' daily online routine, commanding and retaining attention through maximum visibility.*”<sup>12</sup>

It suggests that organisations should get their own clients, members or supporters to, “*download toolbars from FreeCause and support great causes.*” Why then, if this is really the case, does Avast! anti-virus

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<sup>11</sup> Verma, T; 15 Charity Search Engines That Help You Give Money to Charity for Free, [technowit.org](http://technowit.org) , July 30<sup>th</sup>, 2009

<sup>12</sup> <http://affiliates.freecause.com/index.cgi?action=about>

software now classify FreeCause as a threat that many users do not even realise they have installed?<sup>13</sup>

The reason is simple. As many of the online technical forums and anti-virus discussions will attest to, this particular product actually hijacks the user's browser, directs them to other sites, takes control of the cookie settings on the user's PC, garners as much private information as it possibly can whilst giving the user the (mistaken) impression that web-searching via this toolbar generates money for good causes. Whilst not impossible, the FreeCause add-on is also notoriously difficult to disable and totally uninstall.

One technical help website observes: *"An average computer user may not be aware about the evil doings of FreeCause and their toolbar ... The purpose of this type of parasitic software is to over-write cookies to manipulate data. FreeCause toolbar uses such dirty techniques to steal commissions in the name of charity and donations ... They are giving a bad name to charity and donation money."*<sup>14</sup>

Such an approach may not be illegal in some countries but it is certainly unethical. The problem with such a toolbar is clearly articulated on one forum: *"... they hijack affiliate commissions by overwriting the original affiliate thus redirecting the funds from one non profit into their coffers in a way that makes them sound like they are helping."*<sup>15</sup>

The good news is that there are many legitimate, credible and ethical software add-ons, such as EveryClick and GoodTree. Verma lists 14 that he believes are 'good' and points out that these legitimate sites on average donate around one cent or one pence per search. The challenge for the individual user is to be able to identify the credible from the unethical and to ensure that not only is money going to the right places but that personal data collected in the process is not sold on without the user's express permission.

### *Competition Is Intense*

The charity sector is every bit as competitive as any commercial equivalent with a huge number of charities competing for the attention of a limited number of potential supporters and competition intensifying year-on-year. According to the National Council for Voluntary Organisations (NCVO) there were, *"...around 170,000 registered charities in*

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<sup>13</sup> <http://forum.avast.com/index.php?topic=107621.0>

<sup>14</sup> <http://tekkiestips.blogspot.co.uk/2011/09/freecause-toolbardont-install-it-heres.html>

<sup>15</sup> <http://www.bleepingcomputer.com/forums/topic370128.html>

2007/08, equivalent to one voluntary organisation for every 350 people. There may be as many as 600,000 further "below the radar" small local groups and associations that are not registered charities."<sup>16</sup>

The NCVO also claims there has been a net increase in the number of charities and voluntary groups running at on average between 1,000 and 2,000 every year and hence substantially exceeding corresponding population growth. With the overall amount given to charity at best roughly static, the average available per organisation continues to fall and the pressure on them to exploit their knowledge of their existing and potential supporter base, yet being seen to spend as little as possible on administration whilst extracting value from technology, has never been greater.

### *Running Just to Stand Still*

Thus charitable organisations continue to be under ever more pressure to justify why any benefactor's hard-earned cash should go to them rather than any of the thousands of other good causes shouting every bit as loudly. Hence, whilst every organisation wants to increase its supporter base, even maintaining the existing base and keeping donation levels up is a constant battle.

The marketing world has recognised that old style 'spray and pray' campaigns are expensive and give very poor return on investment.<sup>17</sup> Some research suggests that nearly half of all consumers find that 'irrelevant emails' makes them consider abandoning the brand entirely<sup>18</sup>. Whilst charity supporters are much more likely to be tolerant and understanding of an organisation's attempts to raise funds than they would be of a commercial brand the fact remains that the non-profit sector should not ignore these lessons from the world of direct marketing.

Additionally, legislation and compliance issues will always remain a challenge for charities. A Deloitte report stated that "*The Charity and Not for Profit sectors have had more than their share of accounting and legal developments in the last decade or so*"<sup>19</sup> with issues such as the Data Protection Act applying to the charity sector every bit as much as commercial

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<sup>16</sup> NCVO – Third Sector Foresight

<sup>17</sup> Sharp, K; Three Great Principles for Engaging Your Customer Today - Because They Really Don't Trust Marketing, Sharp Marketing Associates, January 13<sup>th</sup> 2011

<sup>18</sup> Chief Marketing Officer (CMO) Council, Report – Why Relevance Drives Response and Relationships, 2009

<sup>19</sup> [www.deloitte.com](http://www.deloitte.com), An Update On The Issues Facing the Charity and Not-for-Profit sectors

organisations. Furthermore, accruals-based charity accounting is typically substantially more complex than commercial accounting requirements for an equivalent organisation.<sup>20</sup>

### *I'll Give – But To Whom?*

This is also an age where charitable giving is intrinsically linked to taxation issues. Many benefactors (both individuals and organisations) know how much they will give away before they have decided who or what to give it to.

The rise of 'Giving-Assistance' sites such as Just Giving or Virgin Money Giving has encouraged people to put money aside on a regular basis before they decide where it goes. Those who give through an employee scheme directly into a Charities Aid Foundation account are in exactly the same position – they have made the choice to give away a portion of their income and there is no going back, but may not necessarily have decided where it is to go and who should benefit.

### *Save a Child or Invest in a Community?*

The need for third sector organisations to be seen to be making a difference now, but also to be affecting permanent change for the future, creates an on-going tension in how they spend their money. After all, the previously quoted proverb (*"Give a man a fish and you feed him for a day, teach him how to fish and you feed him for a lifetime"*) is only ever going to be true if he can live long enough to learn how to fish in the first place, and hence teaching him how to fish includes supporting him and his family until he has learned the necessary skills for himself.

Whilst this has always been the case, there is increasing dissatisfaction amongst charity givers that certain needs seem to be a bottomless pit and hence prevention and early intervention is required rather than merely treating the symptom.

This is reflected in the desire for the well-informed supporter (and most regular givers are) to see immediate micro-impact combined with more strategic macro change. People may need feeding now but corruption also needs challenging so that food gets to the neediest individuals and not the local elite. Money for housing must build houses for those who need it rather than line the pockets of officials. Hence, for example, famine relief charities become pressure

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<sup>20</sup> Charity Commission; Publication CC31, Independent Examination of Charity Accounts: Trustees Guide, March 2012

groups by default; climate change affects poorest people the most, poor people cannot afford legal representation and are easily exploited thus getting caught up in the effects of war, etc. Feeding the hungry therefore becomes about global issues, national decisions, fighting corruption, challenging state law and legal rulings, every bit as much as local relationships and on-the-ground insight.

Commercial organisations often have to balance the conflicting demands of strategic/tactical/operational activity and this is every bit as true in the third sector. Today's third sector organisations want to make a strategic impact for the future whilst assisting needy people right now and at the same time running an efficient organisation. This creates yet another communications challenge for the organisation – to show that they are indeed, for example, freeing the unjustly imprisoned now, but at the same time affecting permanent change so that they, and others like them, will remain free in the future, all the while being able to say they are delivering the greatest possible percentage of income back into programmes and as little as possible into administrative overhead.

In other words supporters want to know their generosity creates a social return on investment (SROI) that justifies their giving. Lingane and Olson (2004) define the valuation of SROI as, "*the amount of social value is created or destroyed, and where resources should be allocated*"<sup>21</sup> Whilst SROI has a recognised academic definition (although it can actually be very difficult to measure), for the most part supporters simply want to 'feel' that their money is being well spent and to be given a degree of confidence their money is being used wisely, correctly balancing the conflicting demands of strategic/tactical/operational issues as best they can.

In essence then, the 21<sup>st</sup> century charity supporter is more likely to want to be directly connected to the work of the organisation they support and to be able to receive a near immediate update on the good work being done with their money. As David Erasmus says, "*Two things need to happen to help donors feel more connected. The first is a truly personalised and social service for every type of giving that informs people about what their friends are doing and what's happening locally. The second to help people to understand how the little actions they take make a difference to a bigger picture. It is important for*

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<sup>21</sup> Lingane, Alison and Olsen, Sara; Guidelines for Social Return on Investment (2004). California Management Review, Vol. 46, Issue 3, p. 116-135 2004.

*charities to understand the behaviours and habits of their supporters, friends and employees when it comes to doing good and to support them in their work.”<sup>22</sup>*

This is therefore first and foremost a communications challenge – personalised (and hence secure), evidence-based, transparent and trusted, open to scrutiny, responsive, timely and relevant, yet low cost. This needs to exist in an ‘always-on’, connected world where commercial and charity organisations clamour for our money and do their best to make it easy for us to part with it so any communications tool or process must also allow the supporter to respond easily and near instantly with offers of help – time, money and expertise – hence further cementing the need for a secure, two-way channel.

In addition, in certain situations the beneficiary will benefit just as much from this sort of direct, personalised connection so we need to consider their needs and compare them to those of the supporter community.

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<sup>22</sup> Erasmus, D; Charities Need To Ensure Mobile Donors Feel Connected, Guardian Professional, 9<sup>th</sup> May 2012



# Satisfying the Supporter and Supporting the Beneficiary

Mydex, as a Community Interest Company, has a defined social purpose of helping individuals to realise the value from their personal data. Most third sector organisations also have some focus on the individual as they typically rely on communication with individuals to carry out their main functions. This is divided into two broad categories, being either individuals who give (i.e. supporters) or individuals who receive (i.e. beneficiaries) money, time and resources such as professional expertise for free. This, after all, is the fundamental currency of the third sector – to encourage those (individuals, governments, corporations) who have plenty of resources to give some of it up and then to channel it effectively to those who need it most. Whilst few organisations are solely supporter- or beneficiary-centric it is worth considering the challenges associated with both types.

## *Supporter-Centric Organisations*

Supporter-centric organisations are those that rely heavily on a support base of caring individuals and have traditionally used CRM and related technology primarily as a means to drive interaction with their supporter base. A constant pressure on budgets has always meant that this interaction needs to be managed as cheaply as possible, yet remain immediate and effective, i.e. communicate the right message in the right timescale to get the desired response. There will always be the danger that a drive for short-term efficiency will lead to reduced long-term benefits (such as the outsourcing of call centres to overseas locations<sup>23</sup>) and this tension between short and long-term gains remains a challenge for organisations across the sector.

The primary objectives of a supporter-centric organisation will always be to keep their supporters well informed so as to maximise giving and use this network of contacts to widen the support base, thus attracting new supporters. Many of the major third world relief charities (Oxfam, Christian Aid, Tear

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<sup>23</sup> Jacobs, I; Consumer Preferences in Customer Service: United Kingdom, Ovum, March 2011

Fund, etc.), animal charities and medical research charities broadly fall into this category.

Typically, where these organisations engage with needy individuals, it is at a very practical level, famine relief, basic medicine, micro-enterprise projects, etc. and may use/work extensively with other partner organisations to execute. For the most part, digital channels as part of their service delivery will largely be primarily of administrative value, as well as used to communicate and share knowledge with partner organisations. After all, a digital channel cannot in and of itself deliver food or vaccinations to individual human or animal beneficiaries.

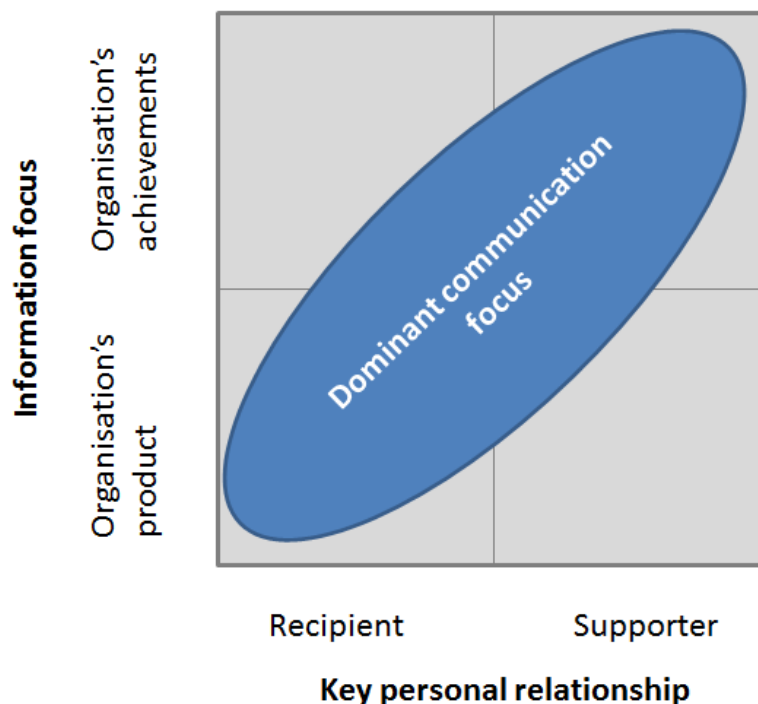
### *Beneficiary-Centric Organisations*

Beneficiary-centric organisations may still collect money from individual supporters but these organisations also need to have a clear view of specific individuals in receipt of the output or service of the organisation - be it money, people time, access to equipment, etc. Charities supporting young carers, out-of-work and disadvantaged youth or long-term sufferers from diseases such as cancer, Motor Neurone Disease, Parkinson's, etc. may fall into this category. Some of these are increasingly using digital channels to enhance their service and are becoming 'digital carers' for those who need their help.

These beneficiary-centric organisations are perhaps more likely to engage directly with specific individuals and often their primary output is information-based or at least can be substantially enhanced using digital channels. Caring for first world citizens with diseases and disabilities, helping disadvantaged young people who need access to back-to-work schemes, building a community of foster parents, etc. are all examples of beneficiary-centric activity that can be dramatically enhanced using virtual relationships.

The biggest practical difference on a day-to-day basis affecting digital communications with supporters and beneficiaries is one of identity. There are immense benefits to be gained from knowing your supporter base more intimately but within reason, organisations do not care too much who supports them financially and there is little need to carry out rigorous identity checks on an individual choosing to donate money or receiving a regular newsletter. Where rigour is clearly needed as part of interaction with supporters is where the supporter has a fundamentally closer relationship with the organisation – as a volunteer assisting the vulnerable or managing local support groups and fund-raising initiatives where hard cash is passing through their hands.

On the other side of the equation, at the delivery end of the organisation's activities, interaction with those who are in receipt of the charity's support is all about directly enhancing and being more effective in delivering the very thing the organisation exists to do – be it personalised advice or more overtly monetised resources. This must always take place in an environment of absolute trust and security and hence identity assurance is always of crucial importance.



Some organisations have a clear primary focus on supporters but some, such as an organisation that uses Prince's Trust or National Lottery funding to deliver training services for young people, focus principally on beneficiaries and this is an important distinction to make because in such instances it will affect significantly an organisation's communications focus and the way it chooses to use digital channels.

It will be the dominant driver in defining the primary value set that Mydex, or any other organisation that can enable change, can bring. On the one hand it will help improve insight into, and relationship with, supporters and the impact that has on income. On the other hand it will, for certain types of service, dramatically enhance an informed and valuable relationship with beneficiaries and the impact that has on the ability to deliver exactly what the individual needs, to be better looked after, life-enhanced and generally helped more effectively.

## *The Importance of Security*

Use of digital channels to enhance supporter relationships has, until recently, largely been seen as a low-security means to an end to help get more resources to enable the charity to function whereas interaction with beneficiaries, being tailored to an individual's personal needs, typically requires high levels of security and is all about directly enhancing and being more effective in delivering the very thing the organisation exists to do.

However, as we will see, a truly effective relationship with a supporter really requires in-depth two-way communication and secure data sharing in an environment of trust. Only then will the supporter be comfortable with sharing more detailed behavioural and preference information, secure in the knowledge that it will be used solely by the charity for maximum value across the whole of the end-to-end supporter-organisation-beneficiary relationship.

# The Communications Challenge – Using Data Is Key

*“We charity workers are part of the lucky few involved in helping improve people’s lives as a day job. It should be easy for us to inspire, inform and interest the public. Yet by-and-large, companies that make trainers or yoghurt are beating us hands down at online engagement. The single biggest reason most charities fail at being relevant to a wider audience is that their comms focus is on the organisation, and not the cause. People are interested in you not for your campaigns, not for your CEO, not for your sustainability headaches, but for the subject you’re involved in.”<sup>24</sup>*

Charities have support networks of individuals who are genuinely passionate about the subject they are involved in and these organisations need to do more to use the data available to engage with them in such a way as to inspire a positive response. Sometimes that response will be a ‘soft’ action that can be built on at a later date. So getting people to sign up to receive a newsletter is an important step because eventually it may result in giving - and those who give once usually give again. By capturing the interest of individuals first via a newsletter or social media then the organisation can build relationships with them and lead them on to more involved requests such as fundraising or legacies.

Understanding the supporter better is key to being able to trigger these soft responses as well as direct, financial giving and to get this better understanding means having more accurate, up-to-date and rich data. Obtaining better data about supporters may not, in principle be that difficult. If they believe it helps the charity they are passionate about, and they trust the organisation to treat their personal data with respect and due care, supporters will be willing to share more about themselves.

As Jamie Bartlett states in a recent DEMOS report, *“The Populus survey suggests that people share an increasing amount of information about themselves - and expect to share even more in the future. However, there is a crisis of confidence: the public is uncomfortable about the way personal information and*

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<sup>24</sup> Haworth, Matt; Reason Digital, 28<sup>th</sup> February 2011

*behavioural data are collected by government and commercial companies. There is a danger that this loss of confidence will lead to people sharing less information and data, which would have detrimental results for individuals, companies and the economy. **The solution is to ensure individuals have more control over what, when and how they share information.***"<sup>25</sup>

### *Data-Specific Issues for the Third Sector*

Technology is expensive and seen as rarely delivering value. As previously discussed, recent history is littered with the remains of failed IT projects and failed public sector initiatives in particular typically get a lot of press coverage. Most IT Directors in commercial organisations report into the finance function as IT is incorrectly seen as a cost to be managed rather than a strategic investment to be exploited. The same is true of third sector organisations and perhaps even more so. Because of the need to be seen to be spending as little as possible on administration and the maximum on 'worthy' core activities, IT spend is too often viewed with suspicion and caution. Yet it is the very currency of IT – data – that can address so many of the issues faced by today's third sector.

Not-for-profit organisations typically hang onto relatively antiquated technology even longer than commercial organisations, because they have so little they can spend and need to wring every last penny of possible return out of their investment. The charity sector is "lagging behind" other sectors such as travel and retail when it comes to embracing new technology, according to Annie Dare, special advisor to Martha Lane Fox, the digital champion at Race Online 2012 and chair of Go ON UK, and she wants to "*address the low digital capability within the charitable sector*"<sup>26</sup>.

A major study published in May 2012, funded by Nominet Trust and Nesta observed that charities still lag behind in technology skills and there is, "*A gross lack of senior strategic ownership and direction for technology within charities*".<sup>27</sup>

It is also common to find that data is siloed – that different departments have access to different

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<sup>25</sup> Bartlett, J; The Data Dialogue, DEMOS

<sup>26</sup> Weakley, K; Charities Lag Behind Other Sectors in Use of Technology, [www.civilsociety.co.uk](http://www.civilsociety.co.uk), 16<sup>th</sup> September 2011

<sup>27</sup> Hamlett, A; Hughes, S; Saxton, J; Yorke, S; More Than Shaking an Online Tin – How can we take technology-enabled giving to a new level?, Spring Giving, May 2012

subsections of data – and that leads to tremendous inefficiencies, from duplicate mailings and increased storage costs through to a simple failure to spot a useful connection in the data, because no one is allowed to analyse the two data sets as one entity. If key connections between data elements cannot be spotted, then the data is of limited, or zero, use.

Alex (Sandy) Pentland from MIT expresses it thus:

*“However today the data is siloed off and unavailable, and that was the one of the core reasons I proposed the New Deal on Data to the World Economic Forum. Since then the idea has run through various discussions turned into the Consumer Data Bill of Rights in the United States, and the declaration on Data Rights in the EU. The core idea is that when data is in silos you can't make use of it either for evil or for the public good, and we need the public good. We need to stop pandemics. We need to make a greener world. We need to make a fairer world.”<sup>28</sup>*

**Truly exploiting ‘customer’ (i.e. supporter) data in the third sector can, if carried out with the supporter’s permission, lead to enormous benefits.**

Pentland argues that ethical exploitation of data really can lead to a fairer world but individuals will always be nervous about this. Too many stories of theft (or just careless loss) of large amounts of sensitive personal data have hit the headlines in recent years and that makes the general public cautious.

Added to this mix is concern over how data is used by commercial organisations. Facebook, Google and others have been gaining a certain reputation for capturing vast amounts of data and monetising it as much as they can. Facebook’s recent stock valuation was based in substantial part on the perceived value of the data they hold about 800 million or more Facebook users. Worried about identity theft and other issues, the public at large are becoming therefore increasingly suspicious of organisations collecting data about them and that, to an extent, includes charities.

Despite these concerns, social media use is still on the rise. It has the potential to be a valuable tool in its own right for third sector organisations but the data privacy concerns have grown substantially and, whilst consumers exhibit a certain pragmatic realism

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<sup>28</sup> Pentland, A; Edge, MIT, Sept 13<sup>th</sup> 2012

about the way commercial organisations will try and exploit their customer data, it is perhaps not surprising that greater integrity is expected of charities. Failure to demonstrate such responsible, respectful and ethical attitudes toward supporters' personal data will therefore erode trust in a charitable body extremely fast. Nevertheless, truly exploiting 'customer' (i.e. supporter) data in the third sector can, if carried out with the supporter's permission, lead to enormous benefits including:

- increased understanding of supporter behaviour;
- reduced communications costs;
- increased communications effectiveness;
- effective demographic profiling to drive targeted campaigns;
- valuable interactive relationships.

In return the supporter receives more timely and appropriate communications because they are in control of what they receive and the organisation genuinely understands them better - more of what they want and less of what they find a waste of time or simply plain irritating.

To put it in commercial terms, third sector organisations have to continue to innovate whilst driving up margin, service quality and customer satisfaction yet in a landscape of reduced funding, increased scrutiny of what they deliver, tougher compliance issues, and concerns about their value delivery. So they need a way of managing and exploiting data that helps address some or all of these pressures – and this is what a Personal Data Store does.



# Personal Data Stores – A Revolution in Supporter & Beneficiary Management

The prevailing mind-set has been the same for years – that organisations rather than individuals own and manage your personal data once you have given it to them, and that they can do with it as they see fit. However, this is not necessarily correct and consumers are becoming rightly more concerned, with increased suspicion about the way organisations handle and exploit personal data about each of us. The UK government’s midata initiative and forthcoming changes in EU legislation support this attitude change. Soon our personal data will be not be under the sole control of organisations and instead it is the individual citizen or consumer who will control, manage and be responsible for their digital data.

This is, for data-centric organisations, including charities, at once both a challenge and an opportunity. We have already seen that most third sector organisations have a need to understand individuals - supporters and/or beneficiaries. This new legislation will require these organisations to give back to individuals the data they hold about them. Hence it will get increasingly hard for less ethical organisations to monetise the data they hold without express permission from the individual. But it also represents an opportunity to reactivate a dialogue with an individual, check that the data held is accurate and up-to-date and perhaps obtain additional information relevant to both parties.

It is this control shift from an organisation-centric approach to data to person-centric data management that Personal Data Stores seek to enable and will lead to effectively addressing many of the very challenges discussed so far in this paper.

## *How do Personal Data Stores Work?*

*Data storage:* The first thing Personal Data Stores do is help individuals store, access and use the information they need to manage their daily lives. Take something boring but essential such as an insurance policy. We need to keep a record of the policy number, the

certificate, the terms of the policy, how to claim, the details of correspondence relating to a claim, and so on.

We need similar information relating to everyone we deal with: most of us don't know it (because we don't stop to think about it and make a list), but at any one time we have a commercial relationship with many different suppliers and, over our lifetime, this will easily run to several hundred (including third sector organisations), all of them generating some information which needs to be stored, accessed and used at some point in time. In real life what tends to happen is that a) this information gets scattered across many places (a filing cabinet here, an email there), and b) when we need it, we can't find it. Personal Data Stores create a single, secure, easy-to-access store for such information so that when we need it it's at our finger tips.

Imagine, for example, that you sponsor a child in the developing world through a charity. You probably have a standing order or direct debit set up with them to pay that sponsorship but the relationship is intended to be so much more than that. You will have a paper record of the name of the child, their parents and siblings, their birthday and the address to which you should send letters to be translated and forwarded. Sometimes you wish to give a little extra – perhaps at Christmas – and you do this via an additional bank transfer that requires specific details (such as a unique reference) that you must quote. A Personal Data Store in this instance acts as a convenient electronic filing cabinet for all this information, that you can access anywhere.

In other words, Personal Data Stores are convenient. They help people do things they already have to do, only much easier and much better.

*Data management:* The second thing Personal Data Stores do is help us manage this information better. We undertake a huge range of information processing activities every day of our lives. We do them so automatically we don't realise how many different processes there are, or how sophisticated and complex they can become. Personal Data Stores help us translate these information processing activities to an increasingly online digital world, giving us tools to undertake a wide range of information management tasks including: Gather, Store, Authenticate, Verify, Share, Protect, Transfer, Dispose, Combine, Sort, Manipulate, Correlate, Anonymise, Personalise, Duplicate, De-duplicate, Audit, Record, Provide identification, Authorise, Give permission/s.

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## Are Your Records Accurate?

Active, reliable contact with supporters is a vital part of third sector activity so the implications of not having an accurate and up-to-date set of data about each supporter are huge. In truth, a substantial percentage of most organisations' records are out of date, leading to considerable wasted expense on ineffective mailing and the cost of storing and managing useless data. Estimates vary but one organisation suggests that 91% of the data in the typical CRM database is incomplete and, given that people move around a lot, 70% of data goes bad in a year. (source: [www.data.com](http://www.data.com))

Perry Norgarb suggests that, if you really test out the validity of your data you will find that *"many profiles or categories have not been filled in, impacting your search results... Further inspection shows numerous records are incorrect; others are riddled with typos."* (source: Norgarb, P; Is Your CRM System Doomed To Fail?, Customer Service Professional eMagazine,)

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*Data sharing:* The third thing Personal Data Stores do is provide individuals with better, more sophisticated tools for information sharing.

This can work in many different ways, so let's look at a few examples.

Currently, when conducting transactions online, the typical process goes something like this. We choose what we want to buy. Then, to complete the transaction we have to tick a box declaring that we have read and agreed to the organisation's terms and conditions, privacy policy etc.

Tickling the box is a condition of completing the process so most of us simply tick without further ado – without really knowing what we are agreeing to (neatly illustrated by Gamestation's "Immortal Soul Clause", obediently ticked by 88% of customers. The 12% smart enough to read it and uncheck got a £5 gift voucher).<sup>29</sup>

Personal Data Stores reverse the process. If the organisation wants to gain access to information in the individual's Personal Data Store, before it does anything else, the organisation has to tick the individual's terms and conditions. This allows individuals to specify what information they wish to share with which organisations, for what purposes under what terms and conditions: what we call Selective Disclosure.

Selective Disclosure works in two main ways: bespoke and automatic. Bespoke information sharing happens on a one-on-one basis. It is negotiated individually for each new situation. For example, a charitable medical research foundation might want to access the health records of one of its supporters for research purposes. The individual may say "Yes, you can have access to this information for free on the condition that a) it is not passed on to anybody else and b) it remains anonymous – so no personally identifiable details travel with it". If it's a pharmaceutical company doing research however, the individual may set the same terms except charge a sum of money instead of handing it over free.

The second type of selective disclosure is an automatic 'subscribe to me' service. Here organisations subscribe to updates from specific fields within the individual's Personal Data Store. To gain access they have to sign the individual's

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<sup>29</sup> <http://www.itproportal.com/2010/04/16/gamestation-takes-ownership-customers-soul/>, April 16<sup>th</sup> 2010

terms and conditions. The individual can choose which organisation he or she wishes to accept or reject as a subscriber. Once the subscription is in place every time the individual changes the relevant field in his data store, the subscribing organisation is alerted to this fact.

Take the simple example of address change. Currently, if we move house, we have to remember all the organisations we have a relationship with, getting in touch with them via the processes they have dictated, wasting hours of time and hassle in call centre queues, putting in passwords and usernames on web sites, and so on. With a fully populated Personal Data Store the list of current relationship is up-to-date and complete (because the store is used to manage the relationship), and the same updated information is shared with all these suppliers with just one click.

The other side of house moving coin is the organisations we forget to inform. This creates relationship management headaches for both the individual and the organisation, which now has to invest significant amounts of time and money simply trying to make sure its existing database is not out-of-date. With the 'subscribe to me' service, subscribing organisations benefit from getting the right information at the right time, not six months after the event. So, if you start supporting a new charity and choose to allow the organisation to 'subscribe' to updates from certain core data fields - your home address, telephone number and email for example - then when you move house or change phone number or email ID then the organisation(s) permissioned to see this data will be updated automatically. You do not have the hassle of telling them and they do not miss out on up-to-date information about you.

Hence, with the 'subscribe to me' service, the charity benefits from the supporter taking responsibility to keep the organisation up-to-date with the right information, leading to an efficient, accurate and 'self-cleansing' database of supporters.

These three functions of 'store', 'manage' and 'share' form the heart of the Personal Data Store. But they are just a beginning. Once they're in place, they become a foundation and spring-board for a host of additional, more sophisticated services.

*Data collection, data hand-backs and personal profiles:*  
Currently, when we give to a charity, for tax purposes we have to keep our own records of those gifts or store any receipt or acknowledgement sent to us by

the charity. With a Personal Data Store the data can be 'squirted' from the organisation's system to the PDS in the form of a digital receipt. With a PDS, the individual can build a richer and richer giving history – a profile – of his or her donations receipt by receipt. This data can be used at tax return time to correctly define the charitable giving contribution in the relevant tax year. In addition, organisations that have collected data about the individual's giving for their own purposes can pass this data back to the individual.

Why should organisations do this? First, because individuals will ask for it (after all, gift data is as much the individual's as the organisation's). Second, because if the customer can combine data from many different organisations, the resulting picture of the customer's behaviours and preferences is much richer and much more accurate.

Take a simple example. Currently, any charity I give to has a record of my giving ... to that charity. But it doesn't know what I give to other charities. So, at best, it has a partial picture of my charity giving and if it uses the data it holds to generate specific communications targeted at me it may well still get things wrong.

But if the charity helped me build a picture of all my giving (by helping me combine its data about my gift history with data from other charities) then the picture becomes much more accurate. Of course, it's up to the individual whether or not he or she wants to share this profile with the charity. But if the charity agrees to the individual's data sharing terms, there may be mutual benefits. The supporter gets better recommendations, and the charity is able to send substantially more accurate, targeted and cost-effective communications, leading to a higher response rate.

Suppose I then allowed the charities I support to see my flight schedule. If I am travelling to a part of the world where a particular charity has a project it can inform me about it, perhaps leading to me visiting the project and making an additional gift or getting directly involved. If I further allow these charities visibility of my supermarket and other shopping receipts then they can contact me about ethically-sourced equivalent goods, Fairtrade products or gifts produced by those working in their micro-enterprise or self-help projects.

This gives the lie to the current organisation-centric quest for a 'single view' of the customer which, in reality, is nothing of the sort. It is just a single view of

that particular organisation's dealings with the customer. Actually, the only entity capable of building a genuinely comprehensive 'single' view of customer is the customer himself – using his Personal Data Store.

In fact, as individuals build comprehensive pictures of their activities across aspects of their lives such as 'my money', 'my health', 'my home' and so on, the data held by individuals in their personal data stores will grow to be richer, more rounded and comprehensive, more accurate and generally more valuable than any individual organisation's customer data.

This has two implications:

1. Looking forward, the critical 'master data' that's essential to the efficient management of customer/organisation relationships will shift from its current position as 'owned', controlled and managed by the organisation to 'owned', controlled and managed by the individual. The individual will become the primary data manager.
2. The more this information accrues, the more it will fuel new 'added value services' that analyse and act upon it on behalf of the.

*Digital Letterbox:* Some of the data that is 'handed back' to us as consumers is our transactional data such as telephone statements or utility bills. We receive it in the form of paper print outs or, increasingly, emails. Often the emails do not contain the actual transactional data but instead just a message to tell us our statement is available. That is all well and good but that requires us to wade through large amounts of spam before we even see it, to have the time and inclination to go to a particular web site, remember our unique password/ID combination and dig out the information we need. The end result is that many people simply do not bother.

Half of the 'white mail' (bills, computer-generated communications, etc.) sent through our front doors each month is generated by approximately fifty companies in the UK – banks and other financial institutions, utilities, telecommunications, cable/satellite suppliers, insurance companies and a few government departments. The cost of all this paper correspondence is colossal and these organisations can save themselves a huge amount of money by sending electronic bills and statements. That may work for the organisation but it does not work so well for the customer.

By their very nature Personal Data Stores are hyper-secure and can act very effectively as a digital equivalent of the hole in your front door. The principle is very simple. The organisations that generate all this transactional mail generate electronic files that they either print or save on a web server for you to access. If you have a secure PDS then they can send it to you or automatically store it in your PDS for you, in the folder you want it stored in (because you have permissioned them and defined the location in the first place). There is no risk of spam because nothing will ever get sent to your PDS without your express permission. You only need one set of hyper-secure login credentials to access everything and it is all in one place.

The supplier saves money (some of which will get passed on to the individual - such as the current system of reduced charges for paperless billing) by avoiding the costs of physical fulfilment and will be absolutely certain that only the correct person (you) has received the information. In addition, if you permit it, they will have a read receipt to know that you have opened the document.

This is absolutely fantastic for third sector organisations. They can save physical costs as well by using this channel. They can send highly personalised information to you because the channel is totally secure. They know you are likely to read it because you have already permissioned them to send only useful and genuinely wanted communications into your PDS and, if you wish, you can allow them to know you have received and opened the communiqué. For individuals receiving this material it is easier to manage which means they are more likely to respond rather than delete without reading.

We have already defined the need for a secure, personalised, timely and cost effective channel for third sector communications to both supporters and beneficiaries. The digital letterbox aspects of a PDS enable it to fulfil this role at the same time as enabling the individual to manage a much broader range of transactional communications including government-generated data such as tax details, storing all the information in a single, secure place and thus being able to combine, share or declare some of this data to other organisations where relevant.

*Verifications:* One of the problems with the picture as painted so far is that the individual may get things wrong, or may lie. Enter PDS verification services.

Currently, if you want to make a donation to charity and you want to 'gift aid' it you have to complete a form declaring that to the charity. The charity requires your national insurance number and a formal declaration that, for example, all further donations from you should be treated as gift-aid donations until further notice. If you forget (or cannot be bothered) to make such a declaration then the 25% they could grab back from the government is lost forever, staying in the public purse rather than adding substantially to the good work you wish to support. According to a ResPublica/Charities Aid Foundation report this currently applies to around £3 billion of giving each year, thus losing the charity sector around £750 million. The report also claims that, even for some of the money that has been declared for Gift Aid purposes, the administrative burden on the charity further disincentivises them to claim it back.<sup>30</sup>

Even worse, there appears to be a trend away from 'Gift-Aiding' small amounts of money. The Charities Aid Foundation reports that, in 2011/12, for the first time since the annual UK giving survey began the proportion of donors using Gift Aid has dropped; from 42% in 2010/11 to 39% in 2011/12<sup>31</sup>. This decrease is concentrated in those making smaller donations, with only 19% of donations under £10 being subject to Gift Aid. Charities therefore need a cost-effective way of addressing this that puts little administrative burden on the individual giver.

With a Mydex Personal Data Store, the individual can store relevant verification data in his PDS with the declaration attached to it, so that when he or she donates to any charity it arrives already declared as a gift aid donation. The charity can store this digitally and, even with the paper-based claim back system, it becomes relatively simple and cost effective for the organisation to collate and claim back tax rebates due. This is increasingly important as the CFO/NCVO survey also found that giving by direct debit was up substantially to 31% in 2011/12 from 25% in 2010/11 and direct debit giving should be particularly easy to Gift Aid as there is already a paper trail.

The charity can use the digital letterbox aspect of the PDS to send secure 'statements of giving' back to the

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<sup>30</sup> Singh, A & Middleton, S; Digital Giving – Modernising Gift Aid; Taking Civil Society Into the Digital Age, ResPublica/Charities Aid Foundation, September 2010

<sup>31</sup> Charities Aid Foundation and National Council for Voluntary Organisations: UK Giving Survey, 2012



individual, who can then share it with the tax authorities to support their tax return. Any information which requires verification by a third party – driving licence endorsements, passport, educational qualifications, employment history, testimonials, insurances, transaction receipts, etc. – can be treated in the same way.

In this way, it becomes cheaper and safer rather than more expensive and risky for organisations to use data from the individual's PDS. The PDS helps streamline the process of receiving and processing tax-efficient donations or of doing business.

*Identity assurance:* As part of the same process of interacting and transacting, organisations in both the private and public sector need to be confident that the person they are dealing with is who they say they are. Usually, this assurance is given by an agreed 'gold standard' piece of identification such as a passport, or bank account. Personal Data Stores can help streamline these identity assurance processes by linking verifications to such data.

But Personal Data Stores can take identity assurance much further. With a PDS, the individual can provide a wide range of identifiers in addition to traditional 'gold standard' pieces of identity assurance. For example, as well as the passport/driving licence, individuals could also provide evidence that they have banked with this bank for 15 years, using this address for six years and received home delivery groceries and Amazon shipments at this address for five years and have been a member of the following online communities for three years, and so on. The greater the combination of different such data sources, the harder it is for fraudsters to succeed.

*Privacy management:* Much of the current debate about privacy is misconceived because it is based on organisation-centric assumptions: about what 'privacy policies' organisations should or should not confer on individuals whose data they collect. Personal Data Stores transform this debate by recognising privacy as a personal setting: where the individual is empowered to choose what information he or she wishes to share with what other party, for what purposes, in what context. It recognises the contextual, contingent nature of all privacy concerns.

### *An Innovation Agenda*

Just this short list of core PDS functions – data storage, management, sharing, verification, identity assurance, privacy management – shows how and

why Personal Data Stores are set to become a pivotal, foundational information utility of the 21st century.

Utilities like this work because they make life easier for everyone and because they make new things possible. They are 'platform' services. They create a platform for everyone and everything else to walk on.

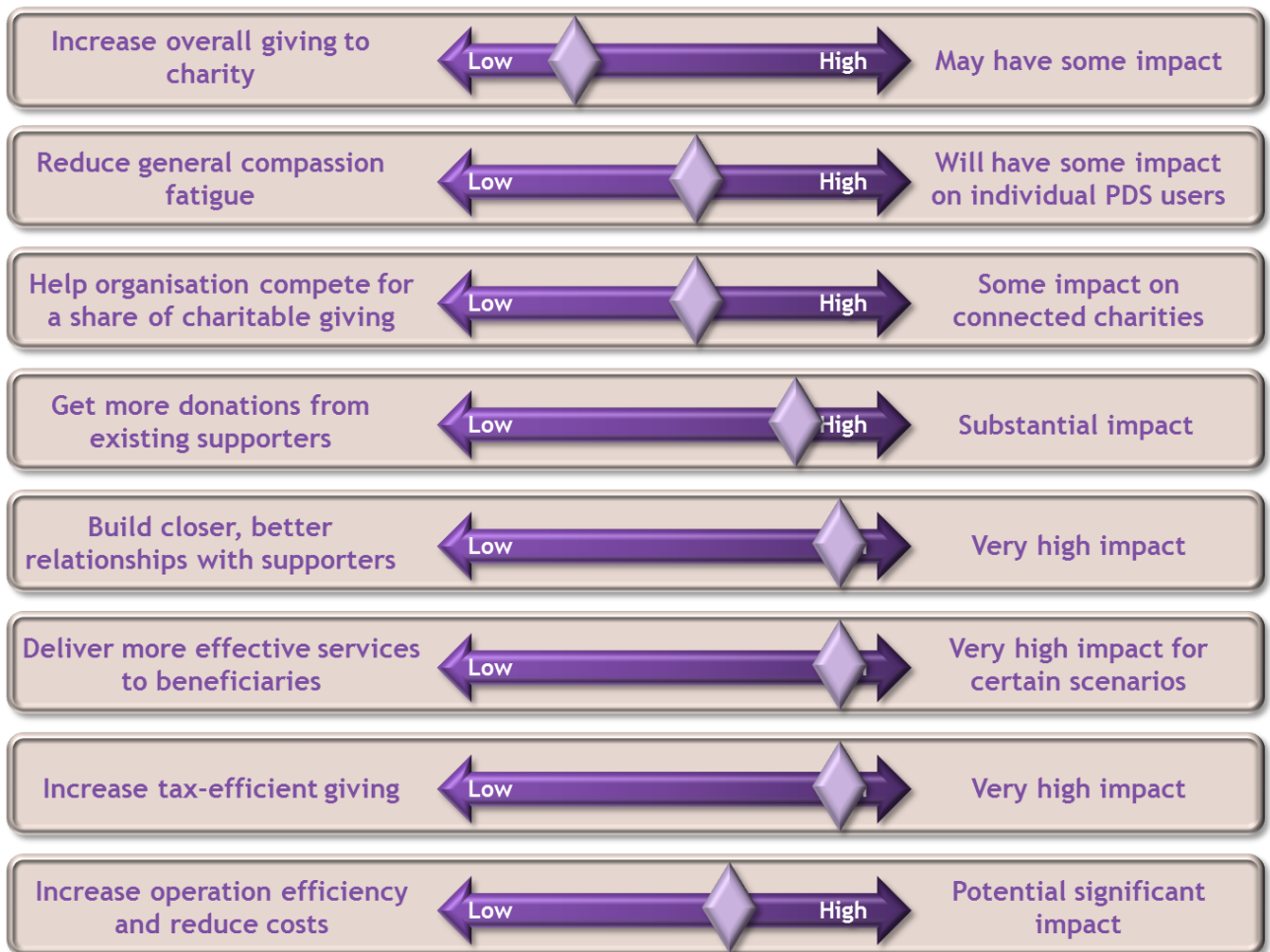
***Personal Data Stores will become the informational equivalents of electricity supply or the plastic payment card for the 20<sup>th</sup> century consumer; eventually taken for granted but absolutely essential; simply used naturally and unthinkingly as an automatic aid to everyday living; only really noticed when it is not available.***

The more taken for granted they are, the more successful they are and the third sector sets to benefit from this as much as anyone else – with a more accurate and up-to-date view of the supporter, tax-efficient and easy-to-administer donation management and a more secure, timely and responsive relationship with beneficiaries.

# Quick Wins versus Strategic Impact – The PDS Advantage

So far we have established the principle of a new approach to personal information management – the Personal Data Store – and also discussed the ever-increasing competitive and economic pressures on third sector organisations. But what does this really mean in practice right now and should such organisations be planning for PDS-driven long term change as well?

## Impact on Third Sector Issues From Use of Mydex Personal Data Stores



### *Immediate Impact with On-Going Benefits*

As with so many other technological developments, the greatest benefits accrue from mass-penetration – when everyone uses it. After all, who was brave enough to buy the very first fax machine? However,

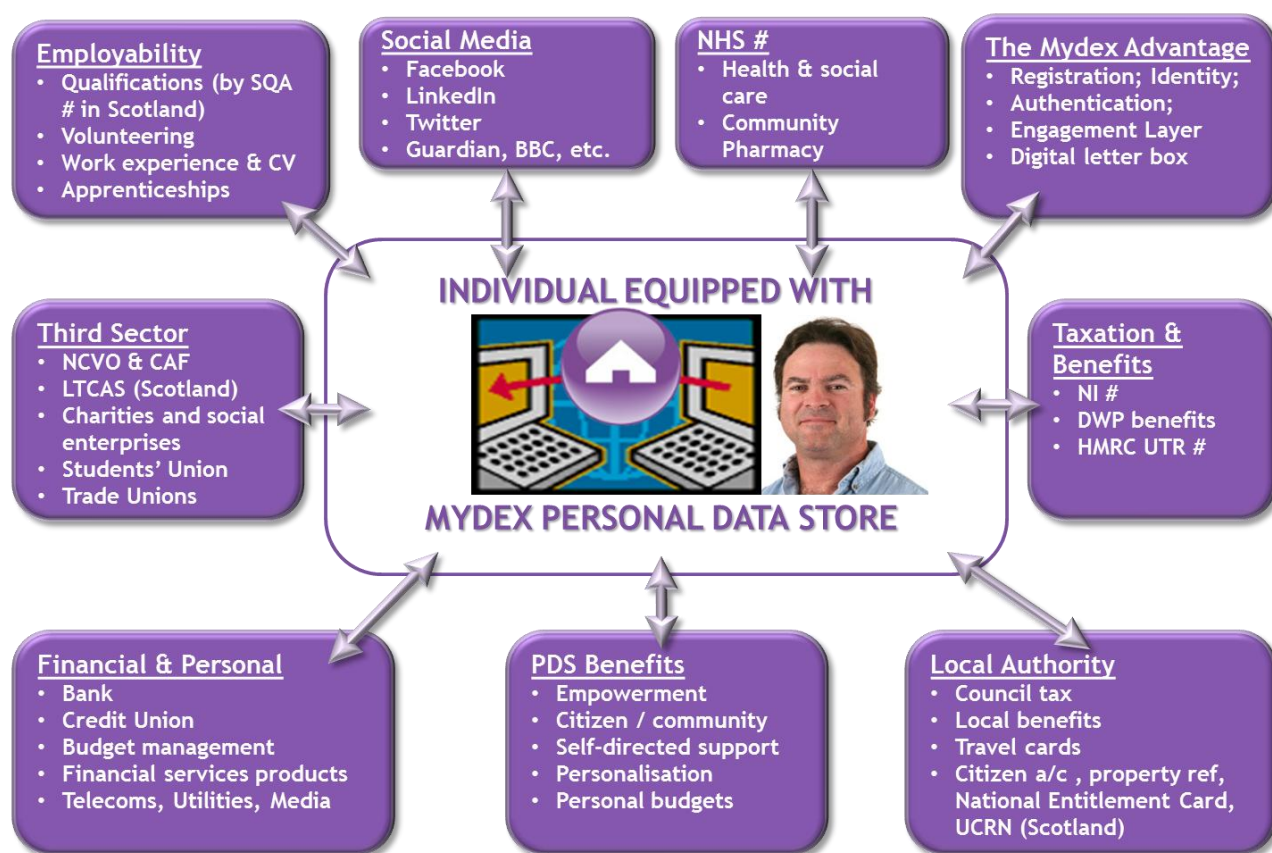
there are some substantial benefits available to third sector organisations right now, in the early-adopter phase of the Personal Data Store.

1. *Save money:* We have established in this paper that information dissemination (newsletters, emergency appeals, etc.) to supporters is expensive and inaccurate. Managing large databases of supporters is expensive and the PDS-enabled supporter changes all that. They manage their personal details for free on your behalf and the cost of distributing valuable communications to them are slashed because of the Digital Letterbox functionality of the PDS.
2. *Increase donations:* With a PDS a supporter has the opportunity to choose a secure, bi-directional communications channel with the organisation. This tailored communications channel presents the charity with a fantastic opportunity to engage supporters in a more personalised and immediate manner, leading to more donations to the organisation and greater involvement and support from the supporter.
3. *Cleanse and enrich databases:* As soon as any supporters have a PDS then, with their permission, the organisation can start to cleanse its records about them and gain further information to enhance its ability to deal in a targeted way with that supporter.
4. *Gain more supporters:* The growth in Personal Data Store take-up is likely to involve discrete and specific people groups. As a housing association or a health authority embraces and supports PDS use then a subset of its members or those in a particular geographical area will start to use them. This affords third sector organisations an opportunity to connect to these individuals relatively easily – more to the point, the individual can connect to the charity and share relevant details with just a few clicks of the mouse. A percentage of those members who do not regularly give to charity may be prepared to change that through the use of a PDS – so there is a form of ‘early mover advantage’ for the first charities that offer PDS connections.
5. *Increase Gift Aid:* Existing supporters who are not currently gift-aiding their donations can be encouraged to do so very easily and those new supporters who have a PDS can be ‘on boarded’ with all Gift Aid information set up correctly from day one. Those supporters who already Gift Aid and opt for a PDS connection will see

the benefits of their gift record returned to them and stored in their PDS.

*Enhanced Beneficiary Relationships – A ‘Game Changer’ for some Organisations*

The above five points all largely focus on relationships with supporters but in some instances the number one short-term, immediate benefit with huge impact will be the way in which a PDS can deliver a better service for beneficiaries. Beneficiary-centric organisations can encourage each beneficiary to use a PDS, thus dramatically enhancing the timely, personal and bespoke nature of their relationship with the organisation and thus the ideal of secure, interactive, low-cost communications with individual beneficiaries can finally be realised.



The diagram illustrates the way in which the individual themselves is best placed to be the central integration point for a range of services relevant to them and how by volunteering perhaps a half dozen or so attributes, the individual, their family or carer(s) can inform the circle around them. This helps charities to work with job seekers, or charities working with people in the community. We will illustrate the value of this with some specific examples.

### *Example 1 – Disadvantaged Young People*

Let us take for a moment the case of a disadvantaged young person with limited skills and experience, trying to get a job. Charities and social enterprises supporting such people will offer advice, mentoring, training such as interview techniques and perhaps the chance to get some hands-on experience or learn new IT skills.

There are a number of ‘data’ issues here. First, there are the on-going relationships between the charity, mentor, beneficiary, trainer, skills provider, other organisations that may provide work experience and volunteering opportunities and, of course, the interested parties in government including local government benefits departments and the Department of Work and Pensions. Second, there is an ever-changing ‘data set’ including data about number of jobs applied for, interviews attended, training offered and received, work experience placements, volunteering hours and anything else that enhances the individuals references and employability.

This information typically exists in a range of disparate and largely unconnected systems. That makes it expensive and time-consuming for all concerned including the charity organisations trying to help. An individual job-seeker with a PDS can use the PDS as the central repository for all the key information about them, accessible through their smartphone even if they have neither the skills nor the facilities to enable them to get online any other way.

The organisations involved in this person’s development can place details about their training, interview attendance, skills development and volunteering hours in the PDS so that the individual can then share a complete, verified record of their relevant background with a potential employer. The same record can be used to verify benefits claims. A mentor can have visibility of the relevant data to give them an up-to-date picture of the individual and the digital letterbox function can provide a secure communications channel between mentor and mentoree.

### *Example 2 – Care for the Long-Term Sick*

For many years medical charities and successive governments have desired to see greater health and social care integration combined with an increasingly personalised approach to delivery of medical care. A PDS makes this possible without the need for a prohibitively expensive central government solution

and the individual (together with their approved carers) becomes the point of integration about matters pertaining to themselves, entirely under their own control.

People with long-term health conditions, whether terminal or otherwise, often obtain personal support, advice and a range of specialist help from dedicated charities. It can transform the quality of life for the sufferer and for their family and friends. Such charities get to know the individual and their personal support network. Personal Data Stores make it possible for the organisation to assist the patient and their care network on a whole new level.

For example, the patient will almost certainly be in regular contact with the medical community and the supporting charity may, in some instances (such as MacMillan nurses for example) be a direct part of the medical care team. Medical data such as medication history, surgical history and general health data (blood pressure, etc.) could all be added to the PDS by the patient themselves or, if not well enough, by a carer or family member.

The patient, or someone with power of attorney over their affairs, could permission this data to be shared with the relevant charity, enabling the organisation to better advise and support the patient and their family. It could be shared with local and national government departments for benefits purposes. Patients could share their data with each other, establishing or enhancing self-help support groups and sharing experiences (and results) of treatment, all within a secure, controlled framework.

In some instances the patient will self-medicate or self-monitor, or make regular use of equipment such as dialysis machines. Data that is captured from such activity is highly personal and must be treated in the strictest confidence. The secure nature of a PDS means it is an ideal place to store such data and, with the patient's permission, this can, in many cases, be automatic. Machines and devices can be connected to the Internet, uploading data directly into a PDS. For example, pill bottles can have IP-enabled caps that flash a warning when it is time to take medication and record onto the PDS when used<sup>32</sup>.

An individual's daily routine data (such as when they switch the kettle on, run a shower or turn off the television) can, with their permission, be stored in a

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<sup>32</sup> Dolan, B; Mobihealth News, January 5<sup>th</sup> 2011, <http://mobihealthnews.com/9848/atts-vitality-glowcaps-now-on-amazon>

PDS if relevant, giving supporting charities and care organisations valuable insight into individual's behaviours and is particularly relevant if the person lives on their own.

The PDS offers such charities a secure channel with which to communicate, advise and monitor the well-being of the long-term infirm and/or their carers. This leads to enhanced and personalised advice and care, a better quality of life for the sufferer, more opportunities to connect with other sufferers and assistance for their families and extended care network.

### *Long-Term Value Coming To the UK Now*

*Ignore it at your peril:* History is littered with 'experts' who totally failed to predict the impact of technological developments. The first feature-length 'talkie' movie, *The Jazz Singer*, was released in 1924. Yet D W Griffith, one of film industry's greatest pioneering directors, said in the same year, "We do not want now and we shall never want the human voice in our films". He was not alone. Fellow director Paul Rotha described the addition of sound as "a degenerate and misguided attempt to destroy the use of film" and even the great Charlie Chaplin said, "Moving pictures need sound as much as Beethoven symphonies need lyrics".

In 1943 Thomas Watson, Chairman of IBM, said "I think there is a world market for maybe five computers." In 1981, when IBM released the PC XT, the first personal computer with a hard disk (10Mb), a young man called Bill Gates said of the storage capacity available, "640K ought to be enough for anybody."

Conversely, sometimes far-sighted people get it right, from Leonardo da Vinci and his 'helicopter' drawings to John Williams who, foreseeing the concept of cloud computing, in 1961 gave a speech where he considered the possibility that computing power and applications may eventually be provided remotely and accessed as a utility, just as we do with water and electricity...."<sup>33</sup>

The new and important industry he envisioned has indeed come about and the future of one part of it, the Personal Data Store, has just been dramatically enhanced. Mydex is set to play a central role in this future as, in October 2012; the UK government has appointed Mydex as one of only eight trusted identity

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<sup>33</sup> Sullivan, T; Cloud Computing – A Brief History, [www.earthlinkcloud.com](http://www.earthlinkcloud.com), 22<sup>nd</sup> September 2011



solutions suppliers for the new identity assurance framework. This marks the landmark creation of a new marketplace for identity that gives back choice and control to the citizen, rather than having their identity imposed on them by big government or faceless corporations. The first major user of this framework is the Department of Work and Pensions, supporting a massive UK welfare state change – the introduction of Universal Credit (UC) - and Universal Credit simply won't work without the framework, as identity assurance is a critical part of keeping Universal Credit safe.

Personal Data Stores solve many problems faced by other government departments (HMRC, DVLA, etc.) and the creation of the ID Assurance framework opens up a whole new world of the benefits of customer-centric identity management for every citizen in the UK. Consider what this really means. Because of the 'digital-by-default' government agenda for Universal Credit, every UC beneficiary will have to obtain a form of digital identity – that's up to 19 million people in 6 million households – so managing one's digital identity through a PDS will become 'normal' and routine for millions, further opening up enormous opportunities for individuals and organisations of all kinds to interact for considerable mutual benefit.

So where does this realistically take third sector organisations? There are a range of eminently achievable and realistic benefits that will become the inevitable reality as the PDS is embraced by substantial numbers of individuals.

*Maximise potential giving from each supporter:* Interactive relationships with supporters, based on greater knowledge about their interests and preferences through their PDS, means a greater ability to target supporters with only what is relevant to them. If they only receive what is most relevant to them they are less likely to suffer compassion fatigue and this, combined with an increased interest in the contact they do have, will mean supporters will respond better to campaigns and reports.

As Joe Saxton puts it, "*The impact reports that many charities have is as impenetrable and unread as their annual reports. Any message on impact needs to be put across in 15 words or 15 seconds to be understood in today's multi-tasking, multi-message world.*"<sup>34</sup> In addition, their net 'faith' in the organisation is likely

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<sup>34</sup> Saxton, J; Do Charities Do Enough To Explain How Public Donations Are Spent?, Guardian, 12<sup>th</sup> October 2012

to be increased, leading them to be more inclined to be generous on an on-going basis.

*Increase supporters' response and likelihood to act on information given:* It is simplistic to label supporters in merely financial terms. They often act as advocates or volunteer representatives, participating in 'helping' the charity in a wide variety of ways. With older people six times more likely to give to charity than young people<sup>35</sup>, charity supporters are often time-rich and, even if they do not have much spare cash, will be willing to assist in a range of other ways when asked, gaining insight for themselves and improving their employability and assisting the charity's objectives at the same time – to take part in an important survey, write to an MP, to lobby a commercial organisation exploiting human or natural resources, to protest to a government violating human rights, to organise local meetings and fundraising events, visit the vulnerable and elderly or to give up a day a week to mentor young people. A PDS-enabled relationship, appropriately permissioned by the individual, will help charities better identify who is likely to be willing or able to assist with such activities and help beyond just financial support.

*Keep supporters engaged more actively over a longer period:* It is one thing to engage with someone as a new supporter. It's another thing entirely to keep them active over an extended period of time. Many supporters of charity do so initially as a knee-jerk reaction to a particular situation and maintaining their interest when that situation is resolved or becoming a distant memory can be a substantial challenge. The PDS-enabled supporter will be easier to keep active as the additional information about them, that they will have volunteered, will help the organisation keep their communications targeted and 'on message', using their digital mailbox and permissioned data sharing to create a fulfilling, personalised communications channel.

*Sell 'volunteering' products:* For all the same reasons as discussed above, for supporters who are willing to divulge information to help the charity, the PDS gives the organisation insight into the supporter and this will increase the opportunity to sell related products such as working holidays or gap years. The charity will know who might wish to go on a study trip with the organisation's work overseas and assist in local schools or on building projects.

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<sup>35</sup> Charities Aid Foundation and National Council for Voluntary Organisations – Survey: UK Giving 2011

*Exploit interactive content:* Most supporter correspondence uses fairly static content (web pages, newsletters, support request mailings). Personal Data Stores can change all that, moving the relationship to something much more engaged and using digital channels combined with real two-way insight. Imagine a digital newsletter where the reader has, through their PDS, permissioned the organisation to know that they have read a particular section and has then ticked the box to say they are interested in knowing more, helping out, giving, etc. Over time this will build up into a comprehensive profile reflecting the individual's interests and priorities and in addition will help newsletter editors and website managers understand which content is most widely read and responded to.

### *The PDS-Enabled Supporter or Beneficiary*

What is being described in this paper is a paradigm shift in the way relationships with both supporters and beneficiaries are managed – moving the onus on personal data away from the organisation (who will never have a full picture and always be struggling to keep what they have up to date) and back to the individual, who has the comprehensive and accurate view.

The result is an individual who will have chosen to behave differently; whose priorities will be consciously focused on managing an effective relationship with their chosen charity and who, as a result is by definition a much greater asset to the organisation.

Specifically, a PDS-enabled supporter will have the following characteristics:

- They will be an active contributor (time and money, advice, feedback, volunteer area reps, etc.);
- They will want increased knowledge of the organisation's activity and where their support adds value;
- They are more likely to be an on-going donor (regular small payments) rather than one big gift;
- They will be relatively responsive when there is great need or a requirement to assist the organisation in its objectives;
- They will be predisposed to the use of apps that enable them to support the organisation better.

Similarly, a PDS-enabled beneficiary, whatever their specific needs:

- Will be, by choice or with training and support, predisposed to the use of apps that help them with some of their problems and issues;
- Will be someone whose needs are addressed (at least in part) through sharing of information (receives advice and mentoring, gives up to date job experience or health symptom info, etc.).

Both types of individual, through a combination of attitude, skills and the consequence of using a PDS, have certain characteristics in common, namely that:

- They are willing to interact - more than that – they value interaction and actively seek it;
- They are technology-capable (to at least some extent);
- Their personal details are current, accurate and their identity is verified;
- They are trackable (with their permission) so behaviours and preferences can be followed and learned from.

Such individuals are inherently easier to support, communicate with and gain value from. They will also be better advocates for the organisation and are likely to remain engaged for substantially longer than average – potentially many years.

### *The PDS-Enabled Organisation*

If that is what a PDS-enabled individual looks like in the third sector community then what about the organisation itself? A PDS-enabled third sector organisation:

- Knows its supporter base really well;
  - Maintains accurate and always up-to-date contact data;
  - Has a truly insightful understanding of their particular interests and preferences;
  - Is clear about what they do and do not want to hear about;
- Wastes less resources on generic mailings;
- Is able to send highly targeted requests for support and hence urgent (emergency) requests (e.g. famine, natural disaster) can be sent to those who are likely to respond positively and quickly;
- Can offer very simple channels to enable supporters to give, sign-up to volunteer, act as advocates and lobbyists, etc.
- Can communicate cheaply and effectively with its supporter base;

- Has a pro-active, self-driven supporter network.

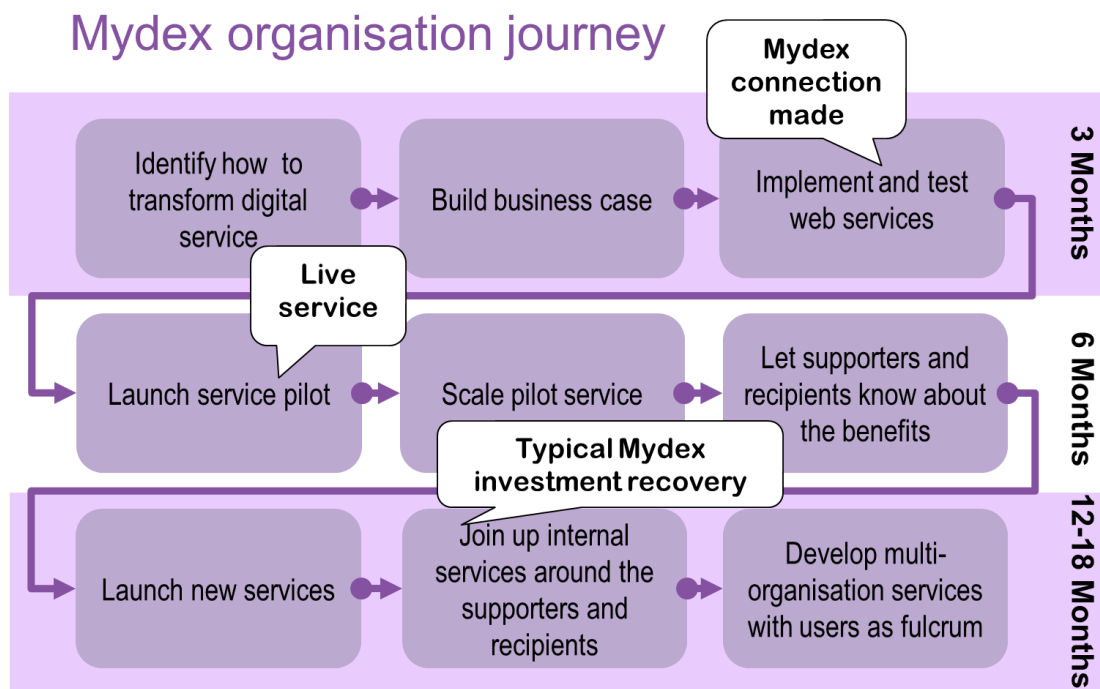
Every third sector organisation would wish to be able to say that about itself and the development of the PDS makes that genuinely possible. It offers a step change in the capability to engage with communities of supporters, benefactors and beneficiaries, making what was previously impossible, possible and, as we shall see next, relatively easy, low risk and certainly cost effective.

# The Roadmap to PDS-Enablement

Mydex has designed its Personal Data Store to be very quick to connect to as connecting to the Mydex platform using APIs is simple to implement and in doing so an organisation is able to quickly connect to individual Personal Data Stores. Hence, technical implementation is in no way a barrier to entry for any organisation, large or small. It has also designed its business model in such a way as to make the product inexpensive for the organisation (often paying for itself in a few months) and entirely free to the individual.

This chapter therefore gives a brief overview of the principle steps involved in PDS-enabling an organisation and its supporters or beneficiaries as well as discussing basic costs and return-on-investment (ROI) implications. More detailed technical and financial information is available on request.

The following diagram shows typical steps of an example journey for an organisation becoming PDS-enabled.



In essence the process is very simple. Hence, depending on the organisation's internal processes and requirements, a working pilot can be established in a matter of weeks or a few months and then be made available to supporters and beneficiaries. Benefits will start to accrue as these individuals

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## Connecting an Organisation to Mydex

The Mydex service offers something called a RESTful API for organisations to connect to. This securely presents Mydex's API and process in a flexible way across the Internet to allow different organisations to connect their applications easily because the data is formatted in a standard and documented manner.

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In practice this means that it is a relatively small, quick task for an organisation's IT department to connect its relevant systems to Mydex. For resource-constrained charities this means that valuable developer and IT support resource is typically only required for a number of days to get the connection established and tested.

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create their own Mydex Personal Data Stores so marketing the benefits to them is very important. Mydex can help organisations with this process to encourage take-up.

It is important to note that, as other organisations implement connections to Personal Data Stores, including government departments such as the DWP as discussed earlier in this paper, charities will start to find that their supporter and beneficiary base will already contain a subset of Mydex-enabled individuals. These people will tend to act as advocates for the service, telling each other and sharing the benefits message. As PDS connections become a universally understood part of the digital landscape then organisations will reap the benefits very quickly indeed.

To give one simple example, if a supporter already has a PDS containing their up-to-date personal contact details and a charity connects their CRM systems to Mydex then as soon as that individual supporter permissions the connection back to the charity their contact details are immediately checked and, where necessary updated, thus cleansing the organisation's database.

As supporters and beneficiaries connect then physical mailing can be reduced, more detailed profiles of the individuals can be built, communications can start to be targeted, Gift Aid can be maximised and the investment is paid for relatively quickly.

### *A Simple Benefits Example*

Consider the idea of a charity that takes in £1M in donations every year, of which 60% is registered for Gift Aid tax relief. That leaves £400,000 that does not get the tax relief – a potential loss of £100,000 in income to the charity. If a PDS connection leads conservatively to just an additional 20% of these donations being registered for Gift Aid then that is an additional income to the organisation of £20,000 a year.

If the same organisation sends regular mailings once a quarter to 10,000 supporters, that is 40,000 physical mailings per year. The cost of such mailings varies enormously but the physical fulfilment costs (of print and mailing) alone will typically be £2 per mailing and often substantially more. In this example, at just £2 per mailing, that is £80,000 per year in costs (8% of income and by no means unusual in the third sector). If only 10% of the 10,000 supporters start to use a PDS as a digital

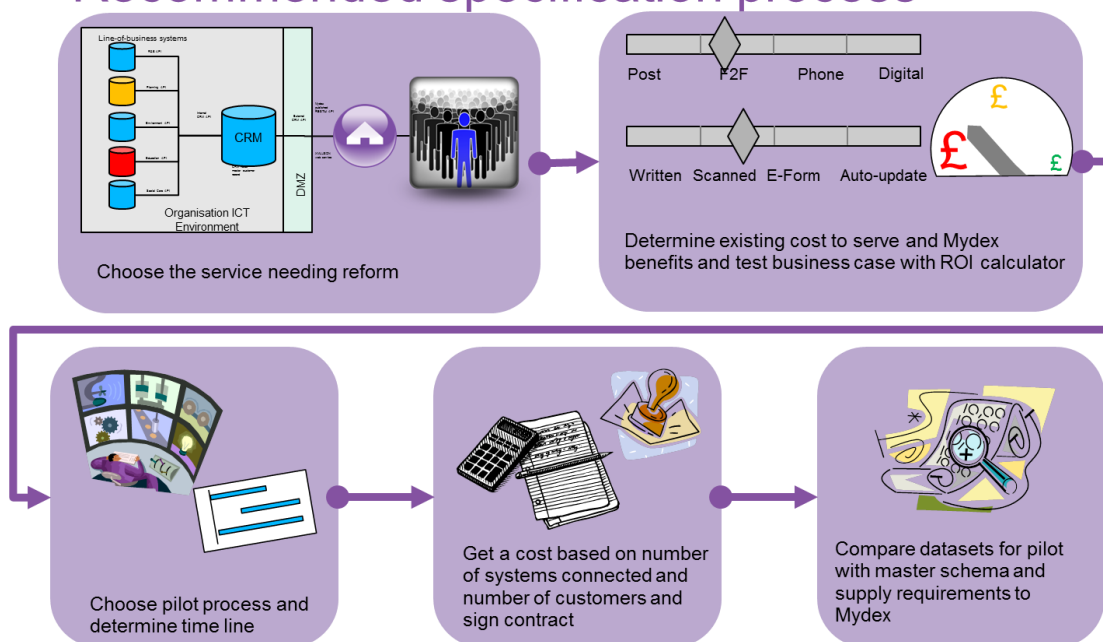
letterbox to receive these mailings in digital form it saves £8,000 per year and if half of them do it then that saving increases to £40,000, purely on mail fulfilment costs.

### *The Stages on the Journey*

*Create business case:* Mydex will support third sector organisations with information we can supply to help them build such a business case – using agreed realistic assumptions and expectations. This is actually the first step on the journey, based on identifying which aspects of the organisation’s existing service need enhancing.

*Build specification:* Once the service enhancements have been agreed a pilot process must be identified and a timeline for implementation established. From this a cost can be arrived at based on the number of systems connected and the number of supporters or beneficiaries connecting. This is typically the point at which an organisation will sign a contract with Mydex.

## Recommended specification process



*Develop and test:* The organisation will then need to compare datasets required with those available on master schema and if new datasets or attributes required, send a request to Mydex to create. They will be able to connect to the Mydex developer community and safely test the services in a ‘sandbox’ environment.

*Launch pilot:* Then comes the public launch – usually with limited numbers of individuals specifically invited to join. For example, an organisation might

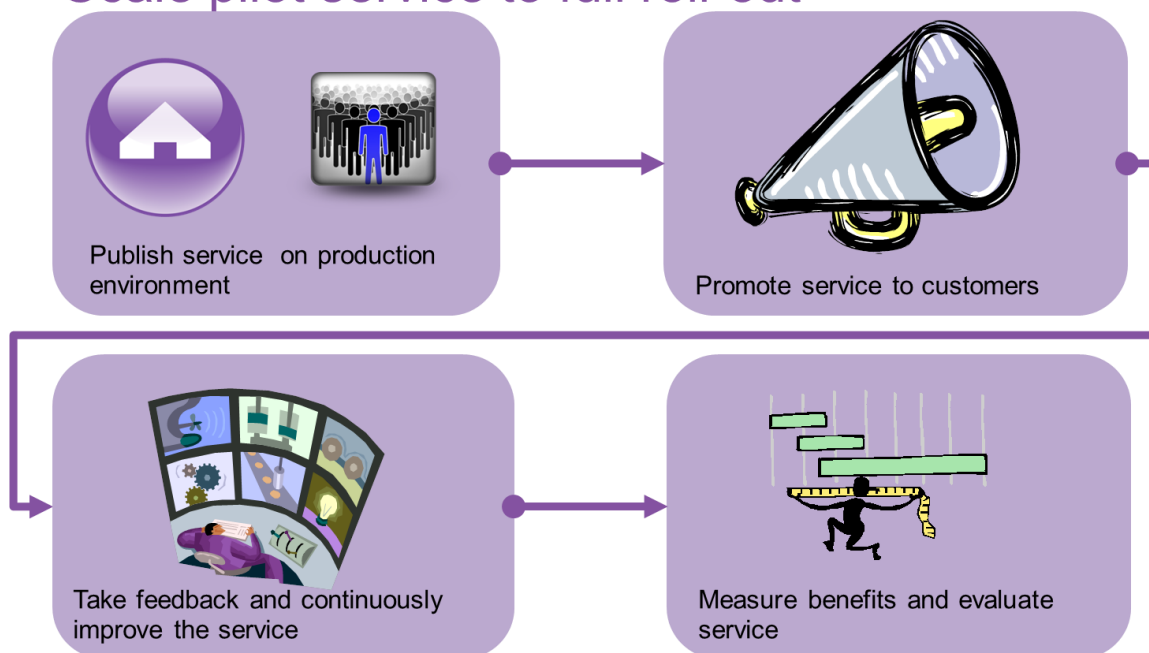


target only those individuals who have already opted to receive emails or those who give at least twice a year and are hence relatively more engaged and predisposed to wanting to help the charity.

This is a learning curve for the organisation and it will be important to measure the benefits, provide a good feedback mechanism for individuals, act on that feedback, refine and adjust the service, solicit more feedback and measure the benefits again.

*Full roll-out:* Finally the solution can be offered to everyone. By this point it will have been costed, tested, evaluated and refined so what is launched to the broader community of supporters and beneficiaries should be fit for purpose and with the potential benefits well understood. This needs communicating to the target individuals so that they understand that in using a PDS they are benefiting the organisation they believe in as well as themselves.

## Scale pilot service to full roll-out



An environment of continuous improvement will also help ensure the service is tuned and enhanced to maximise benefits to both the organisation and community of individual users.

*Benefits realisation:* The end result of this process is a community of supporters and beneficiaries that are PDS-enabled, interacting proactively with an organisation that understands them better, sends them what they need, when they need it and does so in a way that is convenient for the individuals and cost effective for the organisation.

The organisation always knows who they are, dramatically reduces communications wastage and is able to deliver (and track) personalised communications, all leading to more engaged supporters and beneficiaries, which in turn leads to increased giving and better delivery of valuable services.



### *The Cost Model – Less Than a Postage Stamp*

Mydex is special kind of a company, a Community Interest Company, with a defined social purpose of helping individuals to realise the value from their personal data. To do this, above all it must work for the individual and be seen to work for the individual. It also has to show benefits for connecting organisations. And Mydex must itself be sustainable financially.

As part of our mission we provide the individual with a hyper-secure personal data store and series of tools and utilities that help them manage their personal data, coupled with a means and mechanism of securely sharing information with other individuals and organisations. Some of these organisations may be suppliers, others developers and providers of applications that help them work with and add value from their own personal data.

In addition to providing these capabilities to the individual we provide an on-going support programme designed to inform, advise and guide individuals on how to manage their personal data and increase their

awareness about how personal data is used and the considerations to be made when sharing information.

*Free to individuals:* We make our services free of charge to individuals by ensuring a trust framework that ensures trust and terms balanced in their favour and through creating a low cost, pay-as-you go commercial model for the organisations and application developers connecting to the platform. This starts with an initial connection fee based on the number of systems (e.g. CRM, Billing, Portal etc.) they connect and the number of individuals they connect to. Thereafter we charge a modest annual support fee based on a percentage of those connection fees. Putting it in context, the cost of connection per individual is less than that of a postage stamp.

Over time we see organisations and application providers either charging for their services to individuals or paying individuals for use of their data in some form or another. For these types of transactions we again charge a small transaction fee to the organisation or application developer which amounts to a small percentage of the fee charged to or by the individual, similar in nature to that charged by debit cards to the merchant.

The rationale for charging the organisations and application developers is that the cost is tiny and represents a massive return on investment for them connecting. Distributing the operating costs of the Mydex platform across the organisations connecting divides them up proportionally to the use made of it and given the return on investment for organisations versus the connection fee makes this a fair exchange. The cost of operating the Mydex platform distributed across all organisations makes total sense, given this clear ROI.

In reality the fees for connecting represent a fraction of the current costs organisations incur in communicating with their customers and keeping their customer records up to date. The connection also delivers a wealth of benefits which have clear economic benefit to their organisations as well as broader benefits such as increased trust between themselves and their customers and creating opportunities for new flows of information and value back and forth.

*Trust is key:* It is central to ensuring trust in the platform that Mydex at no time acquires any data rights relating to the individual's information or has any visibility of the data being stored by individuals or transferred across its platform between its members and the organisations connected to it. This approach

is designed to provide clear separation between Mydex as platform provider serving its members by operating the platform and managing the trust framework that is the Mydex service and platform and the relationships and transaction between its members and their suppliers and application providers. Our role is to ensure trust is built on, a highly available and secure platform.

The more organisations that connect and the more applications making use of the platform the more Mydex can do to assist individuals make better use of their personal data and become empowered to manage their lives better.

As a Community Interest Company we are required to reinvest a minimum of 65% of any profits we make in our core social purpose which ensures the platform continues to be developed and our programme of education and support of the individual is enhanced and extended.

# The Near Future – Imagine the Possibilities

So far, everything discussed in this paper is either available now or will become available by default, almost as an inevitable consequence of the rise of the Personal Data Store and the paradigm shift towards individual-centric data management.

For many organisations one of the greatest values of a Personal Data Store is in identity verification. This is doubly relevant in the third sector, especially for digital carers and those delivering support to the vulnerable where safeguarding is needed and for those on the receiving end of virtual help. In addition there are some other ideas that may be of particular benefit to the third sector in helping address their key issues.

In addition to changes and opportunities discussed in this paper to this point, a number of other possible scenarios can be considered. It is important to realise that, in addition to the basic functionality already developed by Mydex CIC, the Personal Data Store will continue to be enhanced by the addition of 'apps' created by Mydex and other developers, to address particular demographic groups or communities as needs and opportunities arise.

With that in mind let us consider the art of the possible and discuss some wholly feasible and realistic ideas for the application of Personal Data Stores in the Third Sector economy.

## *Interactive Giving – Know How It is Spent*

Charity giving is definitely changing. Yes there will always be those who want to leave a substantial amount in their will and charities have always also chased relationships that lead to on-going regular small payments. This is typified by the "£2 a month will help us vaccinate 10 children, feed 2 families or dig a well" advertising we all see on television and in magazines. However, particularly with regard to on-going micro-donations, what charity trustees observe is that givers want more and more 'proof' of the value of their gift and hence want a feedback mechanism so they know what a difference their money has made. A clear example of this is with a charity such as Compassion UK and their sponsor-a-child programme where you give every month to support a specific child. You have a photo of them, you can

write to them, they write back and you have a strong sense of who/what you are investing in and the difference it makes.

Imagine then a world in which a Personal Data Store can enable supporters to gain visibility of the specifics of what their money is doing - without that being a huge overhead for the organisation. If you give to Cancer Research then for the most part you have no idea what difference it makes but a PDS could make it easier for Cancer Research to, for example, list a specific research project that has a definitive timeline, budget and goal, and then people can choose to give to that and receive updates on that project.

Apply the same logic to different situations. You could give some money to a third world development charity and then be passed some basic details of the family for whom your money has been used to buy goats. You could then A) maintain a degree of visibility of the goat, its health, offspring and the way that aids the owning family and B) perhaps then establish a connection with the family, through the charity.

A Personal Data Store with a suitable secure messaging app developed for this purpose makes it entirely possible, providing the organisation with ever more embedded and interactive supporters without a huge additional overhead.

### *Tailored Communications*

The nirvana for charities will always be, once you have an up-to-date record of your supporters, to then have truly 'engaged' supporters - those who want to be deeply connected, who always want to find out ever more about the organisation's work and who respond promptly to all communications. A Personal Data Store, with the full agreement of the individual, takes supporter engagement to new levels, overcoming many of the limitations of existing approaches as follows:

| <b>Approach</b>       | <b>Negatives</b>             | <b>PDS-Enabled Benefits</b>                          |
|-----------------------|------------------------------|--|
| Database Marketing    | Sparsity and age of data     | Up-to-date, dynamically maintained, richer data sets |
| Portal-Based Services | Few log in, data out-of-date | Many log in, up-to-date, richer data sets            |
| Email                 | Deluge, insecure,            | Secure,  |

|           |   |  |
|-----------|---|--|
|           | mixed with spam   | permissioned, set in context   |
| Telephone | Costly, time-consuming, error-prone, potentially irritating         | Accurate data, ability to focus help on complex issues and high value transactions |
| Paper     | Costly, slow, hard to personalise, short shelf-life, often not read | Replace with personalised, digital channel   |

For example, a supporter with a PDS may choose to permission the charity to see which stories and articles in an electronic newsletter they click on and read. That way the charity will build up a picture of what headlines and what subjects catch the attention of the supporter. The charity then has the opportunity to use that information to drive bespoke, relevant content, campaigns, appeals and volunteering information to the supporter whilst at the same time avoiding sending them material that is likely to be of no interest to the supporter and a cost to the charity. Essentially the end result is that the supporter only receives communications that are of interest to them and the charity is able to ensure it does not waste money on inefficient, irrelevant or irritating communications.

### *PDS-Driven Giving*

With the development of an additional ‘giving’ app you could store in your Personal Data Store all necessary information to enable you to make a donation to a particular fund. The secure tokens held in the PDS would include necessary identity confirmation, bank details, national insurance number and Gift Aid declaration where relevant. The charities could produce online newsletters or even just news items on their websites that are ‘PDS-enabled’ so if you read, online, a story about an African famine, a Thai elephant hospital or a breakthrough in treatment for cardiovascular disease then you can click to give and the PDS connection will do everything for you.

Let us take it a small but important step further. Your bank details are in your PDS and you have a charity giving app of some kind. Each month when your salary comes in you can define how much you want to pass to charity and it auto distributes between the charities in your connection, or asks you how you want to split it up.

Again and again research indicates that if you make it easy for people to give then they are more likely to do so. The PDS is an enabler – an enabler for ease of giving and hence more giving, an enabler for ease of communications, to aid with understanding the unique needs of a supporter or, in some instances the beneficiary.

### *Knowledge Transfer and Talent Matching*

If an organisation knows more about its supporters and beneficiaries because of data in their PDS that they have permissioned the organisation to view (such as professional and academic qualifications, counselling experience, financial, building trade, teaching or other skills) then the charity immediately has the ability to find specialised expertise and trained, qualified talent from a pool of supporters. When additional skills are needed in an emergency situation or when new opportunities arise to assist on, for example, an animal welfare, drug-rehabilitation or school project then finding potential volunteers with the right core skills and knowledge becomes cheaper, easier and faster.

Consider as well how this could be further enhanced. Imagine that a supporter has an app that connects their smartphone calendar or diary function with their PDS, they mark which days or weeks they have available to volunteer for a charity and they have permissioned the charity (or charities) to be able to view it within their PDS. Not only do connected and permissioned organisations know what skills this person has to offer but they also have some idea of when they may be available.

This also provides the organisation with opportunities to extend their internal team management to include volunteers and skilled supporters, thus building a resource pool for specific initiatives using a combination of paid employees and unpaid volunteers, mobilised together and, where relevant, matched and connected to particular beneficiaries, all within a totally secure channel.

The ideas listed here are just a tiny fraction of what is possible and as more app developers come on board then, just like the Internet and more recently smart phone apps, ideas will appear that will leave all of us saying, “Why didn’t I think of that?”



# Concluding Remarks

With the October 2012 announcement of the government's creation of the new identity assurance framework, of which Mydex is part, the importance of secure individual digital identities has been confirmed. The Personal Data Store has therefore just become considerably more important and in the near future will seem as 'normal' as online shopping or mobile communications.

This paper has endeavoured to communicate the value of Personal Data Stores to the third sector in particular, articulating the short term benefits as well as longer-term strategic gains, and to demonstrate that many of these benefits are available now, for minimal up-front, and quickly repaid, investment.

Mydex is a Community Interest Company and is committed to promoting the importance of the individual as the central point of personal data ecosystems and is equally committed to helping organisations embrace this paradigm shift and gain the benefits.

## *Contact Details*

If you believe your organisation could benefit from the use of Personal Data Stores or if you just want to explore the issues further then please email:

[thirdsector@mydex.org](mailto:thirdsector@mydex.org)

# Appendix A – Implementation Realities

Like electricity supply and payment cards, Personal Data Stores also create significant behind-the-scenes technical and eco-system challenges. We pay by plastic cards because it is easy and convenient. But behind each payment there is a hugely sophisticated system of highly secure data ‘handshakes’ taking place across a complete eco-system of supporting players: credit card issuers, merchant acquirers, retailers etc. Behind-the-scenes complexity and robustness march hand-in-hand with the simplest possible user interface.

Personal Data Stores are no different. To achieve their essential utility status they have had to overcome many challenges including:

- Exemplary data security, both in data storage and data sharing. Individuals have to be confident that the data in the PDS is safe and will not be compromised.
- Absolute ease of use. The biggest selling point of the PDS is convenience. If it fails to deliver easy intuitive help in day-to-day chores it won’t succeed.
- Easy population of the data store, with equally easy access and use – to correct, update, link, share etc. (e.g. automatic capture of electronic receipts and other transaction records).
- Easy-to-use and understand data sharing agreements, protocols and processes. For example, ‘subscribe to me’ services require relatively new technologies such as information cards to bypass clunky first-generation password + cookie user access to organisation’s information systems online.
- The development of technical, legal and other standards to support data sharing and data sharing agreements.
- The ability for data fields in Personal Data Stores to talk to data fields in organisations’ databases without confusion or error. This requires the development of sophisticated data architectures.
- The ability to easily gather and share bespoke ‘bundles’ of data from the data store (for example, NI number, bank direct debit agreement and Gift Aid declaration for the purposes of setting up a regular donation).

Depending on the task at hand this might involve working with a range of different types of personal data including:

- data that identifies me' (e.g. my name, address, etc.)
- 'data conferred by other parties' (e.g. my passport number, my credit reference rating)
- 'information gathered by me' (e.g. search and research results)
- 'data generated by my dealings with other parties' (e.g. transaction and interaction records)
- 'information created by me' (my plans, my preferences)
- 'information about me' ('mash ups' of information created by me, conferred by other parties, and gathered by me about my financial circumstances, my health, my skills and learning, etc.)
- The ability to analyse data in the store to identify trends, glean insights, etc.
- Enabling discovery of information by external parties who can access to specific data in individuals' personal data stores on a permission only basis (e.g. seeing a purchasing or behaviour profile on either an anonymised or personally identifiable basis).

Person-centric data sharing agreements mark a new stage in both information management and in the relationship between individuals and organisations.

Some of the key attributes of data sharing agreements are:

- They are practically oriented and specific, focusing on a specific problem or information sharing need.
- They release a genuinely new class of data and information – 'volunteered personal information' (VPI) that previously only the individual knew, could see, or had access to.
- They give individuals the confidence to share information they would have previously withheld – because now they know appropriate safeguards are in place.
- They are – have to be – user-friendly, based on a small number of standards, well explained and understood agreements covering the main information-sharing scenarios individuals are likely to encounter.
- They are machine readable, so their generation and consumption can be automated, including

their comparison to a baseline set that are pre-approved by the individual – thereby helping the individual determine differences, extensions, etc.

- They operate above the level of all global privacy regulations, offering individuals and organisations a release from country-to-country regulation differences, arbitrage, etc.
- The deployment of these agreements within a broader trust framework (which explains standards, inter-operability, how liability is handled, etc.) will create a secure, efficient and workable foundation for rich, mass scale information sharing between individuals and organisation. This is the information needed to fuel the rise of personal information management services.