

# Managing Global Data Privacy in the Cloud



A Report From  
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Research • Report • Improve  
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PROJECTS

# The Privacy Projects



- Dedicated to developing and contributing ‘evidence-based’ information to the ongoing dialogue for enhancing and improving personal information privacy and data protection
  - Independent non-profit
  - Board of noted experts in privacy and data protection
- [www.theprivacyprojects.org](http://www.theprivacyprojects.org)

# The Project – Cross-border Data Flows



- Examine the processes and controls implemented for cross border data flows
  - Six case studies from North American companies
  - Practices of companies actively seeking responsible data protection practices
- Six Confidential Case Studies

# Six Case Studies



- Alpha Corp: pharmaceutical company
- Beta Corporation: marketing services company
- Gamma Corporation: diversified financial services company
- Delta Corporation: developer and provider of Internet-based software and online services
- Epsilon Corporation: provider of technology solutions and service for consumers, public sector and businesses
- Zeta Corporation: globally integrated enterprise that uses business insight and technology to assist public and private sector organizations

# Scope of Study and its Limits



- Study is of companies that view themselves as “good apples”
- Idea is that their practices will inform policy debate about international data transfers
- Not an empirical sample of all companies that engage in int’l data transfers
- No audit of participants’ assertions
- All opinions or conclusions are my own

# Are we working with outmoded regulatory paradigm?

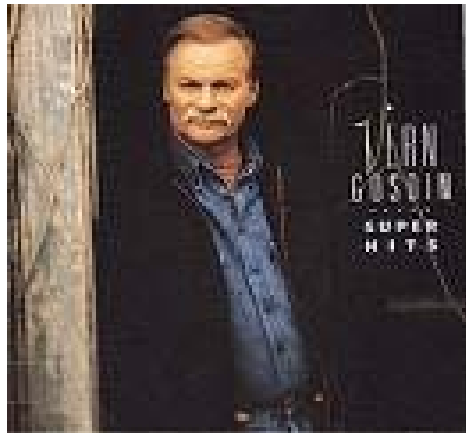


# Time Machine



- What was old paradigm for data transfers?
- How has it changed?

# “Back When”



# Examples of old paradigm in action



- Fiat and the CNIL (1989)



- Deutsche Bahn–Citibank and the Berlin Data Protection Commissioner (1995)



# Prior Basis for Regulation



- Point-to-Point Transfers
  - Discrete, scheduled, occasional
- Proprietary transfer protocols
  - Tapes in boxes
  - Specialized communications lines
- Non-networked
- Centralized Databases
  - Segmented customer files

# Major Changes



- The scale of data flows, individually and in the aggregate, has increased massively
- Multi-directional data flows with great use of cloud
- Processing involved in data flows has expanded to include highly complex and process-oriented steps implemented within systems of networks
- Oversight over data flows has evolved into a model of collaboration, professionalization, and resource commitments

# Coase on “Make or Buy”



- Classic Essay, “The Nature of the Firm” (1937)
- “Make-or Buy”?
- Coase thought technology would tend to cause firms to grow
- Today, firms have greater flexibility than ever before in deciding on shape of work– how they will distribute processes and services with increased use of cloud
- Modern information flows play important role today in allowing novel business approaches

# A Change in Scale



- Discrete Events → • Continuous Process
- Localized Content → • Dynamic Needs
- Point 2 Point → • Routing by Algorithm
- Temporal → • Ongoing

# A Change in Processing



- Centralized Db's →
- Controller Sourced →
- Discrete Actions →
- Geographical Basis →
- Networked Processes
- Sourcing Flexibility
- Distributed Computing
- Needs Basis

# A Change in Management



- Primary Driver: IT → Primary Driver: Policy
- Low Investment → High Investment
- Vague Ownership → Privacy/Security Officers
- Ad Hoc Knowledge → Professional Certification

# New Challenges – New Controls



- Data transfers are complex, involving numerous processes and parties
  - Consumer informed consent unsustainable
- Algorithms determine the path and destination for specific data types
  - ‘Controller’ and ‘processor’ definitions outdated
- Processing occurs in data centers AND on the network itself
  - ‘Personal information processing’ definition outdated
- Global networks interoperate with regional data sets
  - Database registrations cannot control or manage networked series of processes

# Thank you!



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