FROM DARLINGS TO DAMAGED?

Managing the technology sector's reputation in an age of heightened scrutiny

Real-world experience has a way of clouding idealistic visions.

Technology has unquestionably lived up to its promise of making everyday life better and more efficient in many wonderful ways.

But in the last few years, the drawbacks have become glaringly evident. Privacy invasions. Misuse or outright theft of personal information. Workforce disruptions from AI. And, in some cases, the aggressive pursuit of corporate growth at the expense of ethics and social responsibility.

In this report, *Darlings to Damaged? Managing the technology sector's reputation in an age of heightened scrutiny*, we assess the very real reputational challenges that technology companies now face. The findings combine original research with insights from some of the world's leading thinkers in this space, including the CEO of the Consumer Technology Association, the CIO of Canada, a Harvard Fellow and many more. But we also pierce the gloom by considering how to ensure technology can continue to be a force for good in a world that increasingly needs drawing together, not pushing apart.

Around the world, we hear ever-louder cries for increased technology sector regulation and even calls to break up some of the biggest, most powerful companies in the world. In fact, according to our research, 31% of consumers think technology companies are regulated too little.

There may well be need for new rules and legislation. And yet, many believe that the blazing speed of technological change could leave rule makers — and innovation itself — falling behind.

And whose new rules should be imposed anyway? Thanks in very large part to the internet, the cloud and wireless networks, technology knows no national boundaries.

It's also worth remembering that the antidote to antitrust is, well, trust. Technology companies are starting to recognize that their reputations and brand integrity are the best guarantees of long-term success. They know they have a critical role to play in rebuilding trust in technology in a post-truth world.

The best remedy to the so-called techlash will be companies' internal and external commitments to working with government, regulators, academia and each other, and to behaving in ethical, socially responsible ways. To not only do the most profitable thing for investors, but to do the *right* thing, on behalf of all stakeholders.

Sophie Scott
Global Managing Director Technology and Senior Partner FleishmanHillard

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UNTANGLING THE TECHLASH: RESEARCH EXECUTIVE SUMMARY

Our research, carried out by FleishmanHillard TRUE Global Intelligence, surveyed 1,002 consumers each in the US and the UK. The survey was distributed online, and responses were collected in April and May 2019.

The survey was designed to gauge current consumer attitudes and perceptions toward the technology industry's evolving reputation.

PEOPLE TRUST TECHNOLOGY, BUT GENERATIONAL DIVIDES EXIST

As technology grows evermore integral to our everyday lives, and both the benefits and potential drawbacks become increasingly evident, the public has formed strong opinions about technology companies.

And yet, while much of the conversation stresses the shortcomings, the public does still embrace technology and trust its providers – 8 out of 10 Americans embrace or like technology and use it when they can, and 82% of those questioned generally trust technology companies. This positive sentiment exists in the UK too, although at a slightly lower level, with 75% saying they like and use technology when they can, and 79% saying that they generally trust technology companies overall.

However, when it comes to trust in technology companies, there is a generational difference between the two countries. In the US, younger generations are more dubious. Gen Z leads this skepticism (26%), with Millennials (22%) following shortly behind. In the UK, however, this trend is reversed. It is in fact the older generations that trust technology companies less (Silent Generation: 38% and Boomers: 29% vs. Millennials: 13% and Gen Z: 20%).

US | YOUNGER GENERATIONS TRUST TECHNOLOGY LESS

26%	22%
GEN Z	MILLENIALS

UK | OLDER GENERATIONS TRUST TECHNOLOGY LESS

29%	38%
BOOMERS	SILENT GENERATION

PROOF OF GOOD CORPORATE ACTION IS REQUIRED

While trust wanes as generations get younger in the US and older in the UK, all US and UK consumers agree that technology companies should be good corporate citizens on their own. 78% of Americans and 77% of Britons believe that companies should take more action to address the consequences of their policies, practices and products to foster trust among consumers.

What's more, 70% of those questioned say that taking more action would make them more favorable toward technology companies. This is particularly the case for the youngest generation in the US (Gen Z, 78%), but equally as important for younger generations (Gen Z, 74%) and older generations (Gen X, 74%) in the UK.

For those who agree that technology companies need to take more action to rebuild trust, being ethical by maintaining transparency with customers was noted as an important step.

REGULATION HAS A ROLE TO PLAY

Accessibility of user information, focus on profitability, security, and data breaches were noted as key contributors to the lack of trust in technology companies. Here, regulation could play a role, with US and UK consumers agreeing that greater regulation could have a positive impact on trust. Almost a third of respondents (31%) think that technology companies are regulated too little. This is particularly the case among older generations, primarily the Silent Generation (US 40%, UK 60%) and Boomers (US 38%, UK 45%), but also resonates with younger generations too (US Gen Z: 24% and UK Gen Z: 22%).

UK VS. US TENSION

The research revealed an interesting dynamic when it comes to the UK's opinions on the regulation of UK and US technology companies. Well over half of Britons (60%) believe that UK technology companies specifically are regulated about the right amount, with only 3 in 10 saying that they are regulated too little. However, when asked for their opinion on US technology companies, fewer believe that they are regulated the right amount (54%), and significantly more think that they are regulated too little (39%). This indicates that UK consumers see a more relaxed attitude to technology sector regulation in the US compared to the UK, and that they may need this to be addressed in the future.

70%

SAY THAT TAKING MORE ACTION WOULD MAKE THEM MORE FAVORABLE TOWARD TECHNOLOGY COMPANIES

38%
US BOOMERS

45%
UK BOOMERS

24%
US GEN Z

22%
UK GEN Z

31%
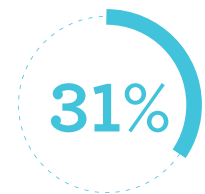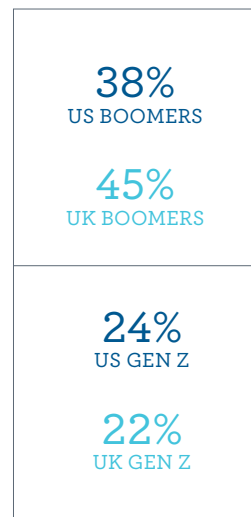
OF RESPONDENTS THINK THAT TECHNOLOGY COMPANIES ARE REGULATED TOO LITTLE

THE MACRO-ECONOMIC AND GEOPOLITICAL SITUATION: A BALANCE BETWEEN PROTECTION AND PROGRESS

Just a few years ago, we were lauding technology's ability to bridge cultures and countries through digital diplomacy, allow for better participation in democracy and encourage greater transparency in the work of governments and companies. But now, technology has shifted from a source of economic, political and social empowerment to the cause of geopolitical tension and manipulation.

Though our research shows that over three quarters of consumers generally trust technology, technology companies themselves have been thrust into debates about fundamental aspects of society: democracy and authoritarianism, populism and globalization, immigration and xenophobia, international security and conflict.

To better navigate these geopolitical challenges, there probably needs to be more proactive and progressive engagement between political institutions and the technology sector.

Here's what our experts believe ...

"As influential technology firms in the US and China grow to become 'digital monopolies' in their respective markets, they could engage in more aggressive business practices to drive out competitors and to extract more value from consumers. To safeguard their reputation, these powerful multinational corporations will need to invest more in corporate responsibility and governance, regulatory compliance, and local community development."

Prof. Seen Meng Chew
Associate Professor of Practice in Finance of Department of Finance, The Chinese University of Hong Kong Business School
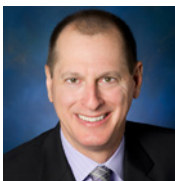
WE CAN'T AFFORD TO STIFLE INNOVATION
Gary Shapiro, President and CEO, Consumer Technology Association (CTA)

New technologies are empowering the world's citizens, providing them low-cost access to education, information and entertainment. Today, billions of people access amazing services and information sources which were unavailable to even the wealthiest only a generation ago.

But as innovators compete to solve the world's biggest problems, we must confront the reality that a global battle is being fought over which economies — and even philosophies — will succeed.

On the one hand, most of the Western world is focused on democratic choice, not only in electing leaders, but in allowing citizens to access the internet, and choose their religion, marital partners and groups to join. On the other, totalitarian systems focused on social control are using technology to restrict citizen rights, limit life choices and monitor every behavior.

The battle is being played out as we border on the amazing but predictable advances enabling 5G broadband, self-driving vehicles, artificial intelligence, personalized medicine and robotics. The national and political system winners in these battles will grow their economies and reap enormous rewards.

Until now, Western democracies have done well. Businesses and economies thrive with intellectual and political freedom, and governments embrace beneficial technology and a cultural bias toward innovation.

But Western democratic and economic success is not manifest destiny. Recently, politicians in the US and EU have begun to tear down the framework that helped launch these innovators. Several 2020 US presidential hopefuls are promoting plans to break up and regulate US technology companies despite the fact (or perhaps because) these companies provide services that are extremely popular with consumers. Across the Atlantic, the EU has marshaled a series of attacks on US technology firms, valuing privacy, copyright, taxation and other competing interests over innovation.

Our totalitarian competitors play by different rules and have a clear path to economic and technological supremacy as the West handcuffs Western companies in the corporate and national economic battle for economic growth and innovation primacy.

I hope our leaders can develop a solution that preserves our values and promotes innovation — just as I trust the market, rather than lawmakers, to replace bad players. Ingenuity comes from the need to compete and stay relevant in an environment where market leadership is notoriously ephemeral. It will also ensure our Western style democracy and cultural values will protect and respect the individual and not use innovation primarily as a means of social control.

Gary Shapiro is president and CEO of the Consumer Technology Association (CTA)™, the US trade association representing more than 2,200 consumer technology companies, and a New York Times best-selling author. He is the author of the new book, Ninja Future: Secrets to Success in the New World of Innovation. His views are his own.

"This is a watershed moment for tech. We're witnessing the speed and potential of technologies like AI. At the same time, the recent wave of data leaks and privacy concerns that go with that are still fresh in our minds. It falls upon the first generation of senior decision-making Millennials to address this tension, and this is a critical point for the technology industry. Their buying criteria and buying journey is very different to that of previous generations. They are more self-reliant, less inclined to engage with a business, and therefore harder to influence. They also have a much stronger commitment to 'softer' decision-making criteria centred around ethicality. It is them and their buying power, much more than any current image crisis the industry is suffering, that will determine the future shape of the technology industry."

Mark Savinson
CEO, Strategy to Revenue

TECHNOLOGICAL DISRUPTION CREATING NEW OPPORTUNITIES FOR GOVERNMENTS TO SERVE CITIZENS
Alex Benay, CIO of Canada

Technology is disrupting the relationship between governments and their citizens around the world.

With digital technologies and practices being adopted at an unprecedented rate, people now expect the same speed and convenience they experience in their everyday lives when accessing government information and services.

The challenge of course is that government is set up to be a stable, process-oriented system. And, because the digital revolution has things moving much faster, governments are struggling to keep up.

To keep pace with citizens' expectations, traditional processes must adjust and change. In Canada, our current mission is to embrace the opportunities a digital-centric approach offers. This means creating an environment where a digitally enabled, citizen-oriented approach can thrive.

A key component of this is addressing how public servants work. We know we need an open, collaborative and innovative workplace culture that encourages idea generation at all working levels. This includes looking into new hiring practices that embrace the rise of the 'gig economy' to help the public sector tap into the talent it needs in the digital age.

The federal government is also redefining how we work with industry to procure technical solutions. In the past, procuring a solution for a department or agency would often take so long that the technology would be outdated by the time the process was complete. However, we are now piloting a new 'agile' approach that embraces private sector best practices to reduce the time it takes to bid on a contract, fine-tune the requirements, and deploy a solution. These are just a few examples of how we are building an environment where digital government can thrive.

Our end goal is to pave the way for more seamless, simple and secure service delivery to citizens. And this means designing and delivering programs and services with user needs in mind right from the start. One recent example is how we are experimenting with tools that will enable citizens to access government information and services via smart devices such as Amazon Alexa or Google Home.

There is no doubt that technology is creating disruption at all levels of government, but this disruption is also creating opportunity. 'Digital government' provides an opportunity for a cultural and operational shift that goes much further than technological transformation. It is about cultivating an environment that prioritizes citizens and promotes streamlined, secure service delivery supported by technology.

"Within the remit of regulatory requirements, technology companies need to work closely with governments to define frameworks and principles of operating that safeguard the interests of citizens. Noting that not all countries have the same level of maturity around data privacy laws, it's also a responsibility of technology companies to educate the government agencies on the implications of new technology."

Manik Narayan Saha
CIO, SAP Asia Pacific and Japan

TACKLING TECHNOLOGY'S GEOPOLITICAL CHALLENGE
Michael Hartt, Partner and Head of International Affairs, FleishmanHillard

Governments and multilaterals — most notably the EU, which has implemented GDPR, fined companies and hardened its lines on privacy and political advertising transparency over recent months — are now looking at more vigorous regulation. Doing so will require walking carefully across the political and regulatory tight ropes.

Without a significant intervention, there will be no change in the trajectory of the geopolitical and technology collision course, but regulation implemented by governments and institutions risks becoming unfit for purpose and counterproductive. So how to square a circle?

Firstly, we will need a way to manage competing government interests. For example, misaligned policies between the EU and US will require the technology sector to straddle a regulatory chasm — and will allow companies to exploit the weakest standards, particularly if it is in state interests.

Secondly, we need to improve politicians' understanding of technology to ensure governments respond effectively to these challenges. The lack of knowledge shown in several high-profile hearings and committee meetings over the past year can only lead to clunky or ineffective regulation that creates barriers to innovation and fails to solve major political and security problems.

Finally, in the effort to protect our democratic systems from outside interference, we must not enable the inverse of excessive domestic control. Regulating too far, too fast, could easily infringe upon citizens' freedoms, curtail political dialogue or restrict the evolution of political campaigning, particularly through digital and social media.

Navigating these geopolitical challenges requires much more proactive and progressive engagement between political institutions and the technology sector, as well as more public discussions about why we must address them. The companies that obstruct the process will likely suffer in the public eye or as a result of regulatory decisions that they have not proactively shaped. But the companies that focus on contributing positively to society, even if it means embracing more regulation, will almost certainly see a reputational — and commercial — benefit.

CHINA'S TECHNOLOGY AMBITIONS UNDETERRED BY TRADE TENSIONS

Rachel Catanach, President and Senior Partner, FleishmanHillard Greater China

Western scrutiny of Chinese technology companies has reached unprecedented levels. Emerging technologies and protection of high-tech industries are the key points of contention.

The Chinese Government is publicly treading a fine line between defending its firms and not inflaming an already challenging situation. But the country remains committed to becoming the world's technology leader. Premier Li Keqiang has said the government will "work faster to make China strong in manufacturing" and pledged increased spending to develop new technologies and materials.

China also seeks to secure its long-term future with the Greater Bay Area (GBA), a collection of cities and markets designed to become the Silicon Valley of the East by 2035. The GBA is already home to Huawei and Tencent, two companies with truly disruptive products and services. GBA architects anticipate more such firms will emerge, boosted by domestic consumers unfazed by the cybersecurity concerns promulgated by Western politicians.

Despite this bullish response, politics will likely continue to impede the global growth of Chinese technology companies, especially those with high-tech innovations. The PRC Cybersecurity Act also makes it difficult for them to reconcile the demands of their domestic and international stakeholders. No matter what they say, Western political concerns are unlikely to go away. Facts are irrelevant — perception is driving policy in this post-truth era.

So, how should Chinese technology companies respond to such challenging conditions? Here are seven recommendations for long-term viability:

1. Don't underestimate the importance of values to stakeholders — we know less about one another than we think. Highlight and show through your actions what your values mean in practice.
2. Analyze the impact of greater protectionist policies on your company. Prepare your positions now across key Western markets, especially the US and the UK.
3. Seek partnerships with NGOs and governments to identify shared perspectives.
4. Continue to embrace diversity and expand inclusion. This is not only good business, it's smart business.
5. Communicate the benefits of your products to local communities. Focus on what they mean for people and their families, rather than how they're better than your competitor's offer.
6. Use your power to convene. A story on your role in nurturing the innovation ecosystem is as important as the product innovations that result.
7. Tell and retell your story in a fresh light, proactively shaping your public reputation with energy and creativity.

WHOSE CROSS TO BEAR? THE TECHNOLOGY INDUSTRY'S ROLE IN SHARED VALUE AND RESPONSIBILITY

Over the last few years, the need for increased responsibility and transparency in the technology sector has been brought starkly into the spotlight. Never has technology been more powerful or presented so many positive benefits. Yet, with these increased capabilities also comes an increase in risk. Which begs the question: who is responsible for keeping us safe from the potential pitfalls of technology? Is it the technology companies themselves? Individual consumers? Or government at large in its role as society's protector?

According to our research, consumers believe that technology companies should and can be good corporate citizens. That said, over 75% also agree that technology companies should take more action to address the consequences of their policies, practices and products.

Here is what our experts see as the technology sector's role in addressing the industry's current reputational challenges …

AUTHENTICITY MATTERS
Brittan Heller, Technology and Human Rights Fellow, Carr Center for Human Rights Policy, Harvard Kennedy School

A critical component of company engagement today is transparency, but the term 'transparency' is used too broadly. Calls for increased transparency in technology are so common that the term itself is almost devoid of meaning. Transparency is used to encompass many different types of requests — information about how algorithms parse and prioritize information, how a platform's internal policies work, how users' personal data is stored and shared, and how a business' priorities govern its product decisions. To move the conversation forward, advocates and researchers should make tailored requests for specific types of information. The technology industry should respond with increased open access to data for external parties, to reassure the public that they are not operating without oversight.

The technology industry should seek consensus about holding themselves to external standards that promote public accountability. Academia has been promoting international human rights law as a framework that is already agreed upon by the global community. This may provide strong guidance for emerging challenges, like ethics and AI. With this framework, problems with content moderation could be addressed with a pro-freedom of expression stance, as troubling behaviors like incitement to violence are not covered by global free speech protections.

Content moderation will be an increasingly important challenge, because the scale and scope of online activity is massive — and only continues to grow. However, the solution cannot just be applying AI filters, since context matters in determining whether or not speech is a violation of a platform's community standards. To do this effectively, technology companies can combat disinformation, hate speech, and other types of misuse of their products by focusing on bad actors and malign behaviors before turning to policing content.

Authenticity matters. In practice, this means technology companies should proactively promote what matters to them. Consumers have responded well to efforts to curb misuse and abuse of platforms, along with values-based social initiatives, since these efforts enhance the user experience. Authenticity is a way to leverage technology companies for positive social change. If companies are looking for a strong starting point to rebuild trust, it may be engaging with offline communities and concretely building on the commitments they've already made.
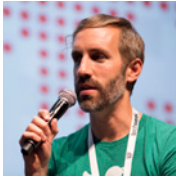
COMMUNICATION, OPENNESS AND TRANSPARENCY HAVE NEVER BEEN MORE IMPORTANT
Cam Gordon, Communications, Twitter Canada

Communication, openness and transparency have never been more important in the technology world.

Whether it's the hardware we take everywhere or the apps we use each day, the level of immersion technology has in our lives grows each year. With that comes responsibility. It's up to technology companies to continue to invest in the people and systems to ensure that technology products and services can not only be used without obstruction but also with a clarity of purpose and intent.

From a reputation perspective, this starts at the executive level. The modern tech leader needs to be present and available to his or her audiences. The media is part of that equation but, increasingly, tech leaders also need to maintain active dialogue with stakeholders at all levels. This includes policymakers, educators, investors and, most importantly, the everyday end user of the products and services being offered.

With the global reach that online journalism and social media offers, it's now easier than ever for technology companies to stay present and stay vocal. It's the job of communication professionals to ensure that these messages are being transmitted clearly and with regularity. What's essential is that we don't just hear these voices when something new is being launched or something established is breaking down. The pulse of the voices should be steady. The tone should be real.

It's a 24/7 world largely because of the technology industry and, while it's almost meta on some level, we're now in a reality where technology companies must take advantage of the climate they've created. This means using technological tools to take the steps to ensure that technology products are being used safely and responsibly.

"As we continue to face disruption across all industries and business models, and the relentless introduction of new technology, organizations will need to become more nimble and leadership more collaborative — it's not command and control, it's collaboration and decision-making that are going to be king as we move forward."

Jim Kavanaugh
CEO and Co-Founder, World Wide Technology

THE ROLE OF CO-CREATION AND INFLUENCE
Sarah Drinkwater, Director, Tech and Society Solutions Lab, Omidyar Network

We're at a critical moment in time where ethical and privacy concerns from consumers, employees, policymakers, media and more are creating a growing sense of distrust toward the technology industry. At Omidyar Network, we're still optimists who believe technology can and should be a force for good, so the Tech and Society Solutions Lab was established to incubate, support and scale solutions within the ecosystem.

As the FANG companies (acronym for the market's five most popular and best-performing technology stocks, namely Facebook, Apple, Amazon, Netflix and Alphabet's Google) increasingly dominate the headlines with the techlash narrative continuing to rumble on, we're seeing a dueling narrative that inverts classic power structures. So, employees are bonding together and pushing through change. Startup founders, buoyed by the sheer diversity of early stage seed funds and keen to retain autonomy in the face of outsized VC expectations, are turning to more distinctively different forms of capital such as funds that give out seed-size but not seed-stage checks.

The complexity of this challenge means we've expanded our toolkit from investment into co-creation and influence work. Take, for example, our Tech and Society Solutions Retreat, where we convened 130 technologists, VCs, academics and thinkers all passionate about this issue. Together, participants moved discussion beyond problems to solutions. Pair that with our early investments in The Center for Humane Technology and Coworker.org, the grassroots organization helping drive change from the inside out through employee education and activism. In terms of co-creation and partnership, we've launched product framework for the EthicalOS and the Responsible Computer Science Challenge, to name just a few.

This movement can and should come from inside industry as well as from employee-led and external grassroots movement, whether it be at a well-established social media company, an AI startup, or the very computer science curriculum used to train future technology leaders.

Given how much of this issue strikes at the heart of what it means to be a human and live within society, we consider it critical that this conversation doesn't happen in a silo but that we all — investors, technologists, civic society and beyond — play our part.

"While the bigger technology players will be the initial focus of policymakers and regulators, it is likely that the technologies themselves will eventually become a target of policymakers. Whether you are a member of the 'big tech' fraternity or just a company deploying emerging technologies as part of your business model, it makes no sense to sit back and wait for regulations that may or may not come. It is imperative for companies to build trust with consumers now as they are developing and deploying technological innovations. The companies that are going to be successful must grow responsibly and innovate responsibly, and most importantly, they need to differentiate how they manage their trust relationship with customers."

David Sapin
US Advisory Risk & Regulatory Leader, PwC

"Technology firms need to contribute more to societies by investing in education and training to help people upgrade their skills and to bolster employment opportunities."

Prof. Seen Meng Chew
Associate Professor of Practice in Finance of Department of Finance, The Chinese University of Hong Kong Business School

"I work in a famously competitive environment, so knowing how to outplay the competition, be smart about reputation, and manage risk effectively are clearly important. But so are ethical behavior, fairness, product value and transparency. Acting in a manner that benefits a company's immediate stakeholders while simultaneously producing value for society can only be a good thing. The growing focus on shared value across the industry is as positive and important a transformation as the ongoing development and innovation of and from technology itself."

Nick Knupffer
Head of Brand & Creative, AMD

"While on one hand technology is there to improve the lives of people, it needs to be applied with purpose and sensitivity to those impacted by it."

Manik Narayan Saha
CIO, SAP Asia Pacific and Japan

"The technology industry must always stay one — or more — steps ahead of everyone else."

Rob Johnson
CEO, Vertiv

"We need to keep things simple. New technology is so complex that very few really understand how it works or what it does. This lack of understanding results in fake news around its capabilities and how it could be used. I don't think that we are seeing a backlash around the use of data specifically, but there is certainly an increase in the questions being asked about the value of data and its responsible use, which is really important. We mustn't forget the value data has in all our lives, especially for businesses, and it should not be taken for granted."

Brian Duffy
President EMEA North, SAP

"Open honest dialogue and proof of genuine good intent, these are the most powerful tools for safeguarding any company's reputation. Alone they can't guarantee a company won't be hit by negativity, but they do mean it is in a strong position to credibly defend itself and any decisions it made up to the point of crisis. Establishing this good practice is a board-level imperative. It requires leading by example and being unambiguous about the values employees are expected to adopt. Lip service won't cut it. Companies also need to empower employees to live those values. Ethical selling coaching for sales teams, pay parity and an inclusive workforce are the types of values the new generation of buyers expect as standard from the companies they engage with. Tech titans take note!"

Mark Savinson
CEO, Strategy to Revenue

HOW MUCH REGULATION AND LEGISLATION IS RIGHT?

In response to calls from governments and multilateral organizations for self-regulation, technology companies have sought to implement remedial policies to tackle issues that range from concerns over political advertising, to the spread of fake news and more. However, measures have so far failed to stem the tide of growing unease, and there is now a perception that self-regulation is not working. Recently, Mark Zuckerberg himself famously called for governments to do more.
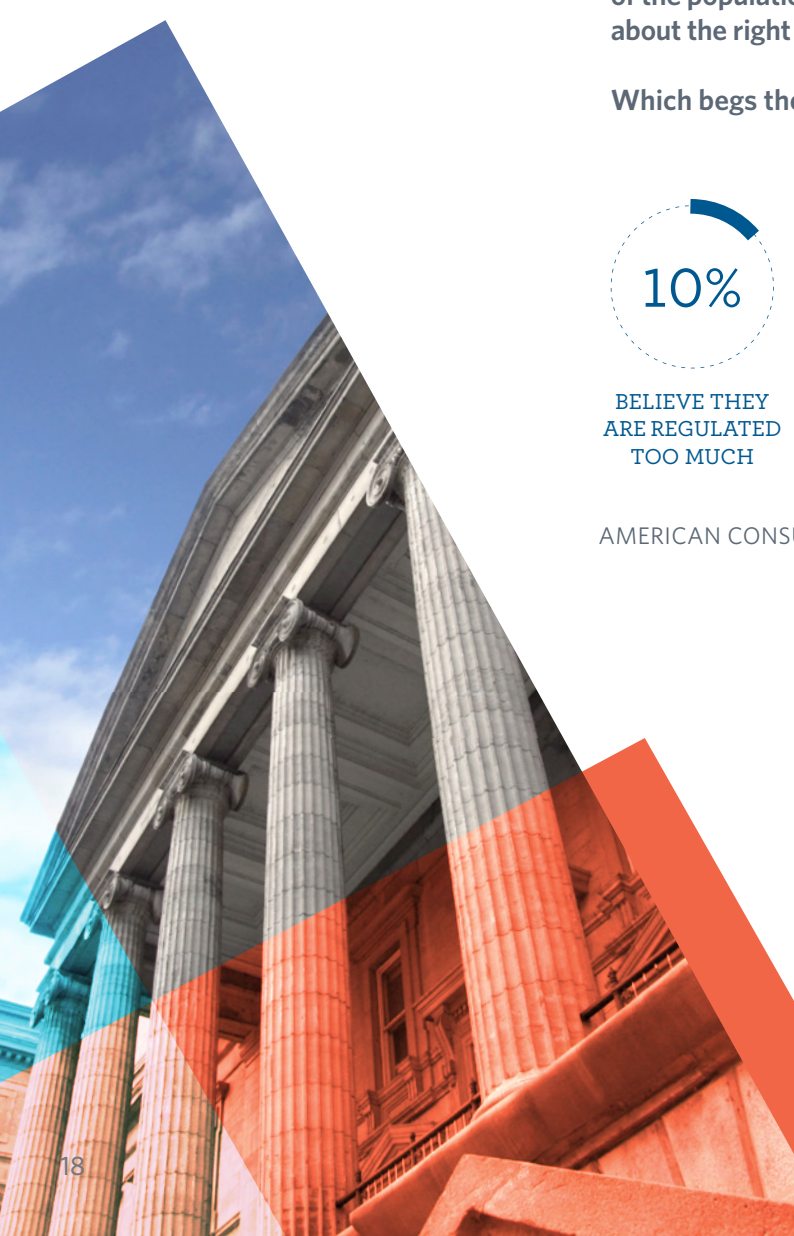
As a result, governments and multilaterals in the Western world, most notably the EU, are looking to regulate the sector vigorously. Yet questions still remain about how to marry regulation and legislation with competing state interests, while keeping innovation buoyant and minimizing infringements on freedom of speech.

And our research shows that, in the US at least, nearly 60% of the population think technology companies are regulated about the right amount.

Which begs the question: How much regulation is right?

10%

BELIEVE THEY ARE REGULATED TOO MUCH

31%

BELIEVE THEY ARE REGULATED TOO LITTLE

59%

BELIEVE THEY ARE REGULATED ABOUT THE RIGHT AMOUNT

AMERICAN CONSUMERS TOWARD TECHNOLOGY COMPANIES

ENSURING TECHNOLOGY SERVES AS A FORCE FOR GOOD
Jason Oxman, President and CEO, Information Technology Industry (ITI) Council

It's easy to forget just how much technology has changed our world and our lives. A little more than a decade ago, a small business owner relied on foot traffic from local customers rather than web visits from international shoppers to grow. Drivers mapped out unfamiliar routes and took wrong turns instead of using precise, voice-activated directions to travel. Cancer patients faced an uncertain diagnosis before algorithms mapped their disease pathology to determine a clearer prognosis and a better treatment. Innovation has transformed life for people around the globe, from creating new economic opportunities, to making everyday tasks easier, to discovering new breakthroughs that lead to healthier and longer lives.

However, these advancements have not come without sometimes unintended, and often disruptive, consequences. The ticker of negative headlines can make it easy to lose sight of technology's benefits and lead many to question its role in our lives. That sentiment flows from a legitimate set of concerns, including how companies handle people's personal information and how automation and artificial intelligence will affect jobs and economic opportunities. These concerns and others like them deserve a sincere response.

The technology industry is at a crossroads. We must answer the pressing questions being asked of us, provide clear information and solutions, and work harder to deepen trust among consumers and the public broadly. At the same time, we must continue to deliver the innovative products that are in demand. I'm confident we can do both.

History gives us an important perspective on how we can strike that balance. Decades ago, we were in the midst of a technological breakthrough in banking: the ATM. This new and disruptive technology raised questions and created challenges related to workforce and consumer security, among others. As policies shifted, businesses adapted, and the technology moved forward — to society's benefit.

In the years ahead, the breakthroughs driven by the technology industry will continue to raise questions and force us to re-examine our current policies. For any industry, it's a priority to respond to customer demands on their own. However, when the market doesn't respond to those calls, policymakers should step in.

We have been seeing this powerful dynamic at work in the privacy debate. Our industry recognizes we must do everything we can to meet consumers' expectations when it comes to protecting their personal data, including giving people greater control over their information and holding technology companies accountable.

Many industries work collaboratively with policymakers to ensure change and implement legal requirements, especially after the passage of new laws. Participating in a constructive dialogue with policymakers, regulators, and consumers to find a workable solution is critical.

This tension is a natural part of innovation, but we shouldn't let it weaken technology's positive and transformative force or its ability to connect us in ways we never thought possible, treat the untreatable, help small businesses thrive, create jobs, and make our lives better. We don't know what the next technological breakthrough will be. But we do know it won't happen unless we all endeavor to maintain an environment where innovation can continue to thrive, improve lives, and shape a better future for generations to come.
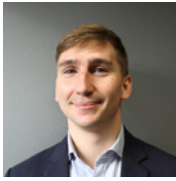
BACKLASH TO TECHLASH: EUROPE'S APPROACH TO GREATER TECHNOLOGY RESPONSIBILITY
Crispin Mäenpää and Agata Pavia, FleishmanHillard Brussels

When campaigning for the role of President of the European Commission in 2014, Jean-Claude Juncker commented that "you don't have to be a techie to believe in technology." This positive belief in technology was apparent in his declarations that Europe's €250 billion of additional growth was "paved with tablets and smartphones."

However, a series of events have since moved the technology sector from the limelight to the spotlight. The political will in Europe has soured and, in 2018, influential MEPs like Guy Verhofstadt, President of Europe's Liberal Group, declared their intent to "take back control of the internet" as it's causing the "erosion of liberal democracy."

Less positive sentiment toward technology companies developed gradually in Europe and was further hardened as policymakers encountered a steady stream of technology scandals. Yahoo's 2016 announcement that it had suffered a significant data breach affecting 500 million users in 2014 was a significant moment in this sentiment change. The alleged tax avoidance of Apple and Amazon were other critical moments and, finally, the Cambridge Analytica scandal truly changed the conversation.

These incidents reinforced a common perception among European policymakers at both the EU and national level that technology companies were not taking responsibility for their actions. They ascertained that these recurring scandals demonstrated pervasive legacy issues wherein technology companies had failed to remedy or rectify problems. For Europe, the techlash became a question of responsibility.

Accordingly, new legislation attempted to make technology companies responsible for the content they shared and the taxes they paid. The (in)famous General Data Protection Regulation (GDPR) received unprecedented political goodwill as clear responsibility came to data processing and data breaches.

Importantly, the nature of the techlash in Europe means that there is space for technology companies to assume a more engaged and active role, and thus demonstrate their willingness to take responsibility and not simply "move fast and break things." We've already seen prominent companies step up to the mark as both Tim Cook and Mark Zuckerberg have recognized that their companies have "responsibilities" and openly declared the need for regulatory assistance.

In 2019, the European elections will ensure ongoing pressure and media soundbites about Europe's pervasive techlash. However, this political narrative should not mask the abundant opportunities predicated by a newly elected Parliament and a new political leadership of the European Commission.

If we want to try and put the worst of the techlash behind us, significant work needs to be done. Despite electoral changeover in the EU elections, technology will continue to be a constant on the European agenda. Only an engaged technology sector can begin regaining European policymaker's initial belief in technology and try to repave the path with tablets and smartphones.

"Consumers generally love new technology solutions. However, as an industry, we have often overlooked the very real concerns stemming from the profound digital transformation of our societies. A more serious industry engagement in these tough discussions will hopefully ensure that future regulation will be based more on facts than on fears, to the benefit of all."

Christian Borggreen
Vice President & Head of Office,
Computer & Communications Industry Association (CCIA Europe)

"As regulators struggle to keep pace with the speed and volume of new developments in the technology space, the current regulatory frameworks put in place to safeguard the interests of customers are often inadequate. While innovation should be encouraged, it is important to strike a balance between the growth of the industry and the interests of customers. In order to improve their offerings to customers within a wider ecosystem of services, it is time for these technology giants to be regulated by an updated code of ethics and play by the same rules as traditional organizations."

Anthony Chiam
Regional Practice Leader, J.D. Power

DATA PRIVACY AND SECURITY: WITH GREAT POWER COMES GREAT RESPONSIBILITY

The power of data has seen us enter an age of hyper-personalization, where nearly every interaction we have with an organization can, and in most cases often is, tailored to our exact needs and preferences. We've almost come to expect this. However, with cybercrime and global-scale breaches on the rise, consumers have become more engaged than ever with who has their data, how it's used and, more importantly, what measures are in place to keep it safe.

FleishmanHillard's 2018 Authentic Insights report reveals that more than 80% of consumers rate data security and protection as "very important." In fact, they rate it so highly, that it comes ahead of healthcare and education in the UK, and healthcare and freedom of speech in the US. Therefore, the ask — and the duty — is clear: the holders of such data have the responsibility to ensure that they are not only using it ethically, but that they are protecting it fiercely too.

OVER
80% OF CONSUMERS RATE DATA SECURITY AND PROTECTION AS *'VERY IMPORTANT'*

"News about big technology firms posing cybersecurity threats and breaching consumers' data privacy have made headlines in recent years. As we celebrate digital data as a new source of wealth, we also need more resources for the secure storage and effective management of data to ensure that it is not used by criminals for illegitimate purposes. Thus, for technology firms to protect their reputations, they must prioritize developing modern cybersecurity infrastructure and keeping up with data privacy laws."

Prof. Seen Meng Chew
Associate Professor of Practice in Finance of Department of Finance, The Chinese University of Hong Kong Business School

"Although the digital revolution has enabled organizations to be more efficient and personalized in terms of how they create products and services for their customers, trust must remain at the core of this relationship. As seen across the Asia-Pacific region, security concerns are the main inhibitors to those customers who are not comfortable shifting toward digital banking. When trust is established, customers will be more inclined to welcome digitization into their lives."

Anthony Chiam
Regional Practice Leader, J.D. Power

"In one way or another, every company is a 'tech company' — collecting data and then using it for machine learning, AI, you name it. So it's no surprise that we're seeing societal scrutiny and likely regulation in these areas. People want to do business with brands they can trust with their data. That requires companies be very transparent about their policies, make them easy to understand, give consumers choices on how data is used and above all — keep it secure."

Larry Solomon
Chief Communications Officer, AT&T Inc.

"In this day of heightened scrutiny, it's very important for technology companies to be transparent, show integrity and be honest about the way they deal with customer and employee data. With clarity comes trust, and with trust, technology companies will be seen as enablers and drivers of tomorrow."

Manik Narayan Saha
CIO, SAP Asia Pacific and Japan

"Looking ahead five years, there are two underlying principles which will be core to any successful technology company. First, they must regain the trust of users who are wary about the security of personal data and if it will be used in an ethical way. And second, users are disenfranchised with bespoke solutions and increasingly seek the ability to work across technologies and platforms for a more seamless experience. For example, IoT, bot and AI technologies are all compelling, but companies must integrate them as part of a holistic user experience to gain adoption."

Wes Durow
CMO, Mitel

"Security is the level of risk we are willing to assume weighed against the benefit and value we receive. Driving a car is a risk and we have come to terms with this. Data presents new security challenges, but without taking these risks, we cannot realize the benefits. One-click checkout for online purchases, relevant offers delivered when checking out, or buying online and picking up in store all require personal data. If we want to be part of the connected world, we need to be prepared for the potential of some risk, even in the most secure environments."

Brad Giles
Senior Vice President, Ingenico Group North America

"From a legal perspective, cybersecurity, data protection and privacy will be some of the key reputational challenges for the technology industry to address as countries race toward the implementation of 5G over the next few years. The tension between the seemingly continuous pressure applied by companies for access to data and the data protection rights of individuals will only increase given the large amounts of data that will be collected, shared, analyzed and stored on 5G networks. National security concerns will also need to be addressed, as can be seen by Huawei's ongoing challenges with the deployment of its 5G equipment and networks, and governments will be maintaining their own pressure for access to data for reasons such as national security and prevention of crime.

The technology industry will also need to address the increased potential for cyberattacks to IoT devices and 5G networks to gain the public's trust. 5G's small-cell network will mean an increased number of entry points which may open up devices to exploitation, such as malware or DDoS attacks. To enable 5G and AI to thrive, companies will need to implement advanced security systems and governments will need to implement coherent regulatory frameworks."

Stefanie Day
Associate, CMS Cameron McKenna Nabarro Olswang LLP

THE BALANCE OF TRUST: VIEW FROM INDUSTRY SECTORS

Technology has the power to radically transform industries, from revolutionizing patient-doctor interactions and providing greater access to financial services, to overhauling the way we feed the planet. However, ease of use needs to be balanced with robust privacy and security measures — and nowhere is this more apparent than in highly regulated industries such as finance and healthcare. When your physical or financial health is at stake, trust is paramount.

Our research shows that almost 1 in 5 (18%) Americans do not trust technology companies, with that lack of trust the highest among the youngest generation, Gen Z. Over a quarter (26%) of Gen Z respondents indicated that they trust technology companies "not very much" or "not at all." If users lose trust in platforms that deal with critical health or financial data, they will eventually walk away. In that sense, striking the balance between easy access and tight security cannot be viewed as mutually exclusive — it's imperative.

VIEW FROM FINANCIAL SERVICES

"Moments like these can create opportunity. A decade ago, the financial services sector went through a similar crisis and faced significant regulatory-driven change. Many banks, however, embraced that change and came out stronger on the other end. Much of the promise of today's emerging technologies is predicated on trust; this applies now and will remain an issue in the future as both business and society does more with AI, augmented reality, facial recognition and other applications. This is not just about the big platforms and technology companies."

David Sapin
US Advisory Risk & Regulatory Leader, PwC

"In the overwhelming buzz surrounding this digital age and with the advent of virtual banking already a reality in parts of Asia, technology innovators must adhere to their role as responsible corporate citizens in terms of how they collect, use and keep the data of their customers safe. Virtually storing personal data creates vulnerability to potential cybersecurity breaches. As much as technology innovates, data privacy must remain central, particularly when it comes to people's finances."

Anthony Chiam
Regional Practice Leader, J.D. Power

"Today's fintech market, with new entrants like Apple, is about disruption and data. Millennials are the coveted prize of this disruption with their commanding demographics and large financial needs ahead of them. To win, your business case needs to consider how you keep them. Greet them online, where they live, and use AI to glean their habits and intent to give them the highly targeted offerings they will value most. But don't forget, Millennials' most requested feature online is better security. If they don't get it, they are highly likely to leave, breaking your business case."

Mike O'Malley
Vice President of Strategy, Radware

"There is a saying: When the product you are using is free, you are the product. We see the industry in a Catch-22 situation at present. Does the technology industry's 'business model of free' — predicated on data acquisition for the purpose of advertising — still work, or should service providers start charging for services? As with most things, it is unlikely the industry will converge to either extreme of the spectrum. The world is big and diverse enough to have both models exist. But one principle that none can run away from is that companies need to continue delivering value to customers."

Vincent Teo
Vice President, Fintech & Innovation Group, OCBC Bank

VIEW FROM HEALTHCARE

"As cybersecurity incidents continue to plague the globe, the healthcare IT space is subject to even greater scrutiny than other industries, due to the potential adverse impact on patient safety. My view is that the benefits of advancing healthcare IT, and specifically medical device connectivity, greatly outweighs the dangers of cybersecurity. The premise of saving more lives and providing affordable care to all through technology can't be dismissed. At the same time, technologies protecting healthcare IT and medical devices must be introduced to ensure that hyperconnectivity and safety can indeed coincide."

Jonathan Langer
CEO, Medigate

"The technology industry is fundamentally no different than any other industry. To the extent that the industry was run by visionary entrepreneurs empowering the best and brightest minds to create a better world, one can expect amazing products that make the world a better place. To the extent that the industry has become Wall Street in fleece, you can expect corresponding results. Hold us accountable. Assess our products based on the virtue and the vice that they bring to society and judge accordingly. There is nothing inherently good or bad in technology. The ambitions of the user in a low-tech or in a high-tech world determine their ultimate impact. Technology is a microphone — it's what you have to say that matters."

Cole Sirucek
CEO and Co-Founder, DocDoc

"'Technology for good' has the potential to improve the technology industry's reputation by addressing some of the world's biggest challenges in both the developed and developing world, from a social, environmental and economic perspective. For example, 5G technology will enable mission critical operations, such as drones carrying out search and rescue missions, AI will assist scientific development, and the move from private car ownership to shared, autonomous models will help the battle against climate change. AI has already helped farmers in developing countries to integrate renewable energy and scientists to track weather patterns. In terms of healthcare, fitness devices may alert doctors to emergencies and in the public services sector, improved traffic management, smart bins and intelligent street lighting may result in significant productivity savings for councils and households."

Stefanie Day
Associate, CMS Cameron McKenna Nabarro Olswang LLP

VIEW FROM FOOD AND AGRICULTURE

"The uses of ag data are increasing quickly, and the policies of all the various members of the industry have not kept pace. The Climate Corporation has proudly set the precedent from very early on that the farmer owns the data generated on their farm by their equipment. Today, they're using that data to write better seed prescriptions, optimize fertility, spot pest and disease pressure early, and manage farm logistics. Once data ownership is more established across the industry, we can start talking about bringing value to other stakeholders, including consumers."

Mark Young
Chief Technology Officer, The Climate Corporation

AI IN THE TECHNOLOGY REPUTATION DEBATE

The AI debate is complex. There will of course be both benefits and issues as AI becomes more pervasive in all of our lives. But one of the most important aspects of the AI question — its reputational impact — still doesn't get the level of attention or scrutiny that it should.

A 2018 FleishmanHillard report showed that much more education is needed when it comes to AI — 53% of global consumers believe there is not enough education about the role of AI in society and more than a quarter (26%) say they have poor or no understanding of what AI is. And regardless of age group, all agreed that the responsibility for educating the public about AI should be shared between key stakeholders in business, government and academia, with 61% of all those surveyed sharing this view.

This lack of understanding and desire for knowledge provides a vital context as AI continues to be rolled out over the coming years. Reputational challenges will begin to heighten around its impact on labor, bias in AI and many other impacts. We must make sure consumers and businesses are aware of all of AI's potential consequences, how these could be interpreted (or, indeed, misinterpreted) and how to ensure that AI is a benefit rather than a boon on society at large.

AI, EMPATHY AND A PATH FORWARD FOR THE TECHNOLOGY INDUSTRY

Natasha Kennedy, Global Managing Director, FleishmanHillard TRUE Global Intelligence

While I don't prescribe to everything he has ever said or written, I quote John Naisbitt, the American futures studies author and public speaker, often at work. When I consider artificial intelligence and reputation, one favorite quote that rings true for me is when he stated, "The most exciting breakthroughs of the 21st century will not occur because of technology, but because of an expanding concept of what it means to be human."

Artificial intelligence has already begun to develop further and connect more deeply with an organization's customers and other key stakeholders who may influence each other. As it does, these organizations need to continually seek to understand how to engage these stakeholders and create transparently and authentically, as well as retain an empathetic connection. Reputations will be cemented and sustained from it.

Companies are discovering that they can become more empathetic through internal reflection and a commitment to more empathetic leadership, which can filter down into the corporate culture and economic model. Hyatt Hotels is an example of this. The CEO, Mark Hoplamazian, pointed out in a Hotel News interview that by focusing the company's culture on empathy, care and understanding, it has created a foundation that drives everything else, from Hyatt's acquisition strategy to its branding strategies and employee training. While Hyatt has a service profit chain model, it is driven by technology (and insightful research) to understand its customers and employees and deliver an authentic and empathetic experience based on that insight.

Empathy and corporate mentality can meet in a space that is full of innovative possibilities for technology companies and innovation.

Through our TRUE Global Intelligence research, we learned that US Gen Z has less trust of technology companies (26%), with Millennials (22%) following shortly behind them.

If you thought you could delay addressing the need to authentically and transparently communicate and connect with Gen Z, think again. Gen Z will comprise 32% of the global population of 7.7 billion in 2019, nudging ahead of millennials, who will account for a 31.5% share, based on a 2018 Bloomberg analysis of United Nations data, and using 2000/2001 as the generational split.

I'll end with one last John Naisbitt quote. "We must learn to balance the material wonders of technology with the spiritual demands of our human race." Let's celebrate these advancements and advantages technology companies have by reminding ourselves what it means to be human as we seek to evolve and protect our businesses and their reputations.

MACHINE FIRST:
NOTHING TO FEAR, EVERYTHING TO GAIN
Ben Trounson, Global Markets Head of Corporate Communications, Tata Consultancy Services

The American businessman and management thinker, Phil Crosby, once said that, "Slowness to change usually means fear of the new." Nothing has inspired this fear more than advances in technology. From the advent of the steam engine and production lines to current sensationalist headlines about the coming of an AI-apocalypse, we have driven seismic, positive change in productivity and society through technology, while fearing its impact.

The fear of the new, and the "techlash" it seems to generate, is in my view somewhat understandable, but misplaced. In business, as with everything else in life, change is a given. Businesses evolve, customer expectations change, employees look for a new relationship with work, resources become more or less available. Some companies survive this, and some do not. Truly agile companies, though, will thrive by taking advantage of a new digital abundance and by embracing automation, the cloud, robotics and artificial intelligence. At TCS, we call this amalgamation of business and technology Business 4.0™.

On one level, it is worth noting that the business fundamentals will not change. Customers will expect ever-increasing individual, customized experiences, value will need to be sought at all levels, companies will need to take a holistic view of the ecosystems at their disposal, and reward will come to those willing to take risks. At the same time, it is the responsibility of global business leaders — who have major influence in shaping industries and economies — to work alongside educational institutions and governments to reskill and upskill current and future generations of the workforce with the digital and computational thinking skills required for 21st century careers.

So, should we fear AI and automation? Certain jobs and career paths will certainly be displaced, so empathy and scalable training will be required. I don't want to oversimplify the matter, as it's not an easy equation. But as we've seen in prior industrial revolutions, whole new industries and jobs will be created. For example, according to the World Economic Forum, more than 60% of children starting middle school this year will graduate from university and soon thereafter enter careers that don't currently exist.

"Machine-first," as we see it, is a question of sequence, not precedence. It is collaboration, not conflict. Humans give machines the first right of refusal to manage highly mechanized tasks and logic, discovery and pattern recognition. We can now iterate and create solutions at speed and scale never before imagined. In turn, humans move from performers of work to trainers of technology, managers of exceptions, providers of inspiration and creativity, and guardians of ethics. In short, technology amplifies human-machine collaboration to solve complex business problems, faster and better, and provides a strong combination of arts and sciences to drive humanity forward.

Despite the fear of the unknown, and the techlash it can inspire, we see a future of work that elevates, rather than replaces people. There will be some short-term change and pain for sections of the workforce, but long-term gain for business and society as a whole. If we can shift part of the current mindset by demonstrating the opportunity that AI and automation brings, we at TCS believe that this techlash will soon be replaced by the enthusiasm it deserves.

"Every technology has unintended consequences as a flipside to the opportunities it offers. In my role, I quite literally see how technology is changing lives for the better. In the healthcare industry, we apply AI to empower patients and augment clinicians to diagnose more precisely and treat disease more efficiently, so they can focus more on the patient experience and outcomes. The key to success is trust — it's human nature to be wary of the unknown. In healthcare, we are dealing with the lives of patients. Therefore, we need to be careful to understand the quality of data on which AI is based and trained, the working of algorithms and the evidence on outcomes. That's why we need to enable a secure and trusted ecosystem on which we can co-create validated digital health solutions together with patients, researchers and clinicians."

Jeroen Tas
Chief Innovation & Strategy Officer, Philips

"The potential of AI and data-driven insights is profound, enabling organizations to reinvent their brand and transform industries and workplace experiences. Putting AI best practices in place across an organization, and not as a separate endeavor, is an important approach that can help companies get the most out of AI."

Rich Clayton
Vice President of Analytics, Oracle

"The greatest threat to the technology industry now isn't about data privacy, the rise of AI or government regulations; it's a crisis of skills. The need for skilled technology workers is rapidly outstripping the pool of available candidates. For humankind to fully benefit from and mitigate the risks associated with the Fourth Industrial Revolution, we need more technology workers who can understand, critically evaluate and communicate about technology."

Filippo Rizzante
CTO, Reply

"The unavoidable application of AI to almost all aspects of business and personal lives is creating unparalleled ethical and reputational challenges for all businesses, but especially the technology industry. AI is too important to be left to technologists to determine best and fair usages. A massive effort is required to understand these issues, to explain them, and to enable a productive dialogue and constructive regulation."

Joanna Gordon
Founder, Transform.AI

CONCLUDING THOUGHTS:
THE MEDIA'S ROLE IN THE
TECHNOLOGY REPUTATION DEBATE

WHERE HAVE ALL THE HEROES GONE?

Tim Race, Senior Vice President, FleishmanHillard, and former New York Times Technology Editor

"Think of it as a map to the buried treasures of the Information Age."

I wrote that utopian sentence more than 25 years ago, editing it into a front-page New York Times article about a new-fangled thing called the World Wide Web. I was the Times technology editor when the newspaper was chronicling the internet's rise as a mass medium.

Back then, we in the news media tended to take an optimistic view of the online world. Sure, we noted the lurking worries about privacy intrusions, data thefts and shady advertising. But the coverage was generally hopeful, and internet pioneers sometimes seemed downright heroic. Journalists looked for signs that all this connectivity was truly connecting people in positive new ways.

But nowadays — call it the techlash era — there's not much optimism in the media narrative. The New York Times opinion section recently started a month long series, "The Privacy Project" to "explore technology, to envision where it's taking us, and to convene debate about how we should control it to best realize, rather than stunt or distort, human potential."

As recently as 2010, there was still room for hope. Facebook, then a mere two years old, had already amassed 400 million users and was adding others by the minute. The technology journalist David Kirkpatrick, in his book "The Facebook Effect," about the company and its founder, Mark Zuckerberg, wrote that Facebook was a "platform for people to get more out of their lives.''

But Kirkpatrick, a canary in the techlash coal mine, also signaled caution. Now, even Zuckerberg concedes the need for government regulation.

"Everyone was naïve about what the internet could and should become,'' Kirkpatrick said recently when I asked for his take on the techlash. Kirkpatrick, who was a senior technology editor at Fortune Magazine back when I was waxing utopian at the The New York Times, is now editor-in-chief of Techonomy, a publishing and conferences company.

"Our idealism and optimism wasn't entirely misplaced," Kirkpatrick said about the early days of internet coverage. "The blame is on the companies, because of the way they chose to profit from the invention we were so optimistic about."

Maybe the media pendulum has now swung too far in the negative direction. The public needs to know about the downsides of technology, of course. But these days, when it seems the news media see no technology story worth telling unless there's a villain, it's up to technology companies to prove they can still be the hero.

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