

WRITTEN TESTIMONY OF



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BEFORE THE

SUBCOMMITTEE ON COMMERCE, TRADE AND CONSUMER PROTECTION

AND THE

SUBCOMMITTEE ON COMMUNICATIONS, TECHNOLOGY AND THE INTERNET

**EXPLORING THE OFFLINE AND ONLINE COLLECTION AND USE OF
CONSUMER INFORMATION**

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Acxiom Corporation

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Executive Summary

Acxiom wants to be on the record in strong support of appropriate use of consumer information. Protecting the privacy of individuals has been a focal point for our company since we introduced our first data product in the early 1990s. We believe that the use of consumer information to defraud, discriminate, embarrass or harrass consumers is inappropriate and should be illegal as it already is in many situations. Furthermore, the responsible collection and use of consumer information in the U.S. makes a significant contribution to our nation's economic infrastructure and underpinnings to promote growth and stability.

Privacy is a very contextual issue that varies from application to application and individual to individual. As consumers embrace the use of new technology, almost on a daily basis, the traditional fair information practices that we have historically relied upon are no longer effective, in particular those principles of notice and choice. However, we believe we do not have to sacrifice either the benefits that consumers enjoy from appropriate information use or the benefits that come to businesses, non-profits, political organizations and candidates to protect consumers adequately.

For forty years, Acxiom has been a market leader in responsibly providing innovative marketing services and data solutions. We are proud of our reputation for helping primarily large, but also medium to small businesses, non-profits and political organizations sell better products and services smarter, faster, and at a lower cost. And we do so by applying rules, processes and controls that go far beyond what is required of us by either law or industry self-regulation in order to respect consumer privacy.

Acxiom's business includes both marketing services and data solutions. Our marketing services represent 70 percent of our company's revenue. These specialized computer services assist businesses, non-profits and political organizations in better managing their



customer and supporter information by making marketing decisions possible across multiple lines of business and across multiple touch points with customers.

The remaining 30 percent of our revenues derive from a line of data solutions that provide marketing intelligence and support for identity and risk management decisions. These solutions help businesses, non-profits and political organizations know more about their customers and audiences in a world where the convenience of transacting online has made the relationship with consumers less personal than ever.

In building our data solutions, we use data from public sources, self-reported data from consumers, and data from companies who sell products and services to consumers. Any data included in our data solutions is general in nature and *not specific* to a transaction.

Acxiom has a long-standing tradition and engrained culture of respecting consumer privacy in the development and delivery of our data solutions. We have established our own guidelines that are more restrictive than industry standards. Since 1997, we have posted our privacy policy on our website, and we maintain a Consumer Care Department to handle consumer inquiries. We provide consumers the option to opt out of all our marketing solutions. Consumers can also access the information about them in our identity and risk solutions and correct any inaccuracies they may find.

As business leaders and consumers ourselves, the people of Acxiom are committed to protecting consumer privacy and to increasing consumer understanding of how businesses, non-profits and political organizations use information about consumers – as well as of the benefits that accrue from the flow of such information.

Acxiom believes it is critical that when the Committee considers additional regulation of online data collection and use it should clearly articulate the extent of “harm” or market failure it believes has occurred. To foster innovation, the Committee should evaluate what the least restrictive alternative is in our rapidly evolving technological world and



fully understand the cost of compliance measured against the risk the new regulations would address.



Introduction

Chairman Rush, Chairman Boucher, Ranking Member Stearns, Ranking Member Radanovich, and members of the Subcommittees, thank you for the opportunity to participate in this timely hearing and to share Acxiom Corporation's perspective on how the flow of information, both offline and online, is a powerful force in the American economy.

As your Committee continues to explore the issue of privacy, both offline and online, we urge a thoughtful analysis of both the issues and opportunities involved. Privacy is a very contextual issue that varies from application to application. Also, different individuals feel very differently about it. As consumers embrace the use of new technology, almost on a daily basis, the traditional fair information practices that we have historically relied upon are no longer effective, in particular those principles of notice and choice. While this Committee studies these issues, very similar analysis is taking place across the world, but as of this hearing, no country claims to have developed a workable approach.

Acxiom wants to be on the record in strong support of appropriate use of consumer data. Protecting the privacy of individuals has been a focal point for our company since we introduced our first data product in the early 1990s. We believe that the use of consumer information to defraud, discriminate, embarrass or harrass consumers is inappropriate, and should be illegal, as it already is in many situations. Furthermore, the responsible collection and use of information in the U.S. makes a significant contribution to our nation's economic growth and stability by enhancing the variety of goods and services available to consumers, by expanding access to more products, by facilitating special prices and discounts, by providing free content (especially online), and by accelerating the speed, ease and safety with which transactions can be completed.

We believe we do not have to sacrifice either the benefits that consumers enjoy from appropriate information use or the benefits that come to businesses, non-profits, political



organizations and candidates in order to adequately protect consumers. Both of these objectives can be preserved. However, if privacy laws and regulations overreach, the results can be the worst of both worlds: legitimate organizations suffer serious damage, and consumers unintentionally lose many advantages. Ultimately, our economy suffers.

It is our hope that by sharing our story with you – and by separating some of the data myths from reality – we will aid you in determining an appropriate legislative direction.

About Acxiom Corporation

Founded in 1969, Acxiom Corporation has more than forty years of experience in helping our clients turn data into actionable insight while being sensitive to consumer privacy concerns. We are headquartered in Little Rock, Arkansas, with operations throughout the United States, across Europe, and in the Middle East and Asia. Our annual revenues exceed \$1 billion. Our company has more than 5,500 employees worldwide: with over 2,400 of them working in Arkansas, over 750 in Illinois, more than 200 in California and Ohio, and over 100 in New York and Tennessee. The remainder are located in the UK, France, Germany, the Netherlands, Portugal, Poland, Saudi Arabia, the United Arab Emirates, China, Australia and New Zealand.

As the global leader in interactive marketing services, advertising and data solutions, Acxiom helps our clients connect with their customers through effective marketing initiatives and sound risk management decisions. Our consultative approach spans multiple industries. For example, Acxiom's clients include:

- 12 of the top 15 credit card issuers
- 7 of the top 10 retail banks
- 9 of the top 10 telecom/media companies
- 9 of the top 10 automotive manufacturers
- 8 of the top 10 property and casualty insurers
- 7 of the top 10 retailers



- 6 of the top 8 brokerage firms
- 3 of the top 5 pharmaceutical manufacturers
- 2 of the top 5 life/health insurance providers
- 2 of the top 3 lodging companies

Acxiom incorporates decades of experience in appropriately using consumer data and analytics, information technology, data integration, and consulting solutions for effective marketing in both the digital and offline world. Our services span the interactive space including email and mobile as well as more traditional direct mail channels. We help our clients establish strong, long-standing relationships with their customers by better understanding what consumers like, what they want and how to communicate most effectively with them.

Interactive Marketing Services and Advertising Solutions

Acxiom's interactive marketing services and advertising solutions, which represent about 70 percent of the company's revenue, include a wide array of leading technologies and specialized computer services. These services help businesses, nonprofit organizations and political parties acquire new customers and supporters as well as improve retention and loyalty over time. We help our clients increase their market share by making the information they have actionable across multiple lines of business and across multiple channels, including the Internet, mobile phones, interactive TV, direct mail, call centers, and even in retail channels.

Accurate management and use of customer information is critical to delivering a positive initial experience for consumers with an organization, maintaining a trusted relationship over time, honoring their preferences about how personal information is used, and improving the bottom line. Although e-commerce has greatly increased the variety and availability of products for consumers, it also has introduced new risks that make



developing a strong, trusted relationship more important and more difficult than ever before.

Acxiom's interactive marketing services and advertising solutions address all these needs. We provide services to accurately identify an individual and integrate the information our client has about this person across multiple lines of business and varied points of contact. We also provide various digital agency services such as our email and mobile delivery capability to help organizations communicate more effectively with consumers and respect their preferences in a manner compliant with all the various laws, such as CAN SPAM, and industry best practices. We also offer website personalization services.

Our marketing services and advertising solutions save our clients millions of dollars by more effectively coordinating their marketing communications and utilizing channels the consumer prefers.

Data Solutions

Acxiom also offers a complementary line of data solutions that represent the remaining 30 percent of our revenues. Our data solutions provide actionable information not readily available to our clients to help fill an important gap between the client and the consumer they wish to engage. Think back a few decades when local shop owners knew their audience well. They were familiar with what their customers bought, how they spent their time, and how they felt about certain issues. Since that time both large and small organizations have worked to achieve a similar level of understanding about their customers' interests and needs. This need for knowledge is nothing new.

However, in the digital age, as consumers shop and interact remotely via the Internet or on their cell phone or PDA, understanding has become much more difficult to accomplish. To put it another way, the Internet initially pushed many organizations back



to the days when all they could do was send mass mailings targeted by geography and census information. This is very ineffective for the organization and results in too many unwanted messages sent to the consumer. Untargeted online communications – email, SMS, pop-up ads, etc. – are the “junk mail” of the digital age.

Our role is to help our clients identify and engage consumers who, based on analysis of the client’s own data augmented by Acxiom’s data solutions, likely have a need or interest in the client’s products, services or causes. While rapidly changing technology, especially online, has largely reshaped the mechanics of how commerce is conducted and relationships are established, the basic strategies in marketing and fundraising remain constant – the operational need to focus a client’s outreach efforts on those most likely to have an interest in their product, service or issue.

With Acxiom’s data solutions, clients have been able to be successful in the following situations:

- Several distance learning providers and their online vendors looked to us to assure integrity in the education process by using our identity authentication services. Online test takers must answer a series of historical questions to confirm they are the ones actually enrolled in the course.
- An online privacy protection company came to us for a partnership to provide the data and technology for a Protect My Child Registry. The registry helps parents safeguard their children and helps businesses comply with the Children’s Online Privacy Protection Act.
- Acxiom gained authorization from the FBI to provide channeling services for companies required to obtain FBI fingerprint-based criminal background checks before hiring for certain jobs. The impact is to uphold commercial integrity among financial institutions and other enterprises facing regulation.



- A political party is using consumer information to determine their best targets for issue-related campaign materials as well as potential donors.

- An online provider looked to us to help them enable consumers to instantly find professional and personal services within their community that have been rated by other consumers.

- Acxiom joined forces with online Yellow Pages directories to provide insight that allows business information to be organized in useful groups for consumers and to include helpful information such as hours of operations, directions and services offered.

- A major managed health insurance company needed help getting its message out to consumers who might need competitively priced individual policies sold direct to the consumer. Acxiom helped them conduct their first direct mail campaign.

- Acxiom was selected by the current administration's open-government initiative to provide the identity card technology that empowers U.S. citizens to register and access various government websites with a single user name and password.

Without supplemental data from Acxiom, the clients in the preceding examples would have been less effective in reducing fraud and communicating with their existing and future customers and supporters. Consequently, the real winner in the appropriate use of information is the consumer.



Developing Acxiom's Data Solutions

Acxiom begins the development of our data solutions by identifying a marketplace need. For example, organizations need to know something about the characteristics of the individuals, households and even devices they intend to contact beyond what they have purchased in the past. Is it a single adult household, or is it a married couple? Do they have children, and if so, are they small children, teenagers, or college age? Other needed information might include whether the household has an interest in certain hobbies, such as cooking or gardening, or sports – do they play tennis, golf or both? Such characteristics are extremely relevant in determining whether a consumer might be interested in certain products, services or issues. Another example would be the need to verify the cell phone number or email address the consumer has provided as valid before allowing that individual to register online so the organization can make contact if necessary.

Once a particular data need by an industry segment has been identified, Acxiom attempts to compile or acquire the relevant information from a variety of sources. The types of sources Acxiom uses are discussed in depth below.

For marketing purposes the information is usually aggregated by household. It is important to emphasize that in all such efforts, any data collected for marketing purposes is general or summarized in nature and ***does not include the details about*** an individual purchase or event. In contrast, Acxiom's identity and risk solutions, such as identity verification or fraud detection and prevention services, require data to be maintained at the individual level.

Because different data have different levels of sensitivity to consumers, Acxiom classifies all the data that we include in any data solution, whether for marketing or identity and risk use, as sensitive, restricted or non-sensitive.



Sensitive data is that which could contribute to identity theft. For example, a Social Security number would be considered sensitive data. We do not include any sensitive data elements in our data solutions for marketing purposes, but such information is often a key part of our identity and risk solutions. When sensitive data is involved, special security precautions such as encryption are used to prevent unauthorized access.

Restricted data is that which would be of concern to consumers if it was improperly used or data which has special restrictions placed on it by industry or self-regulation. A cell phone number would be considered restricted data. The inclusion and use of restricted data would follow specifically designated guidelines. For instance, a cell phone number could be used to verify the identity of someone but not to market to that individual without specific consent.

Once the information is collected, Acxiom selects the specific elements needed by the market or application and cleans, integrates and packages the data into a solution that meets the needs of our clients, conforms to all legal requirements and supports any applicable industry self-regulatory guidance. We invest significant time and resources in developing these solutions. A successful data solution provides Acxiom's clients with enough of the right information to solve their specific problem or need.

In the offline world, we operate fully in a personally identifiable realm. As the online world has proliferated, the need for anonymity is greater. Consumers have the choice of whether to identify themselves online. As a result, it is Acxiom's policy that until consumers make the choice to identify themselves personally to a website or other interactive device, the data in Acxiom's solutions remains anonymous.

Acxiom licenses data by the thousands, tens of thousands, or millions of elements or records to qualified businesses, non-profits, political organizations and candidates. We have recently begun to provide some of these solutions, specifically in the identity and risk area, directly to the consumer. We credential and perform a credit check on all



prospective clients. Once we are satisfied with our clients' qualifications and the need for the specific data solution, we require them to sign a contract that binds their use of the information acquired from us for specifically articulated purposes. Acxiom and our clients typically enter into long-term contracts – one, three, five or even more years – for use of a particular data solution.

Acxiom's Data Solutions

Our offline and online data solutions provide needed intelligence for an organization's marketing, identity and risk decisions.

In the area of marketing, Acxiom offers a number of solutions: (1) enhancement of our clients' own customer file with Acxiom data so the client can better understand and respond to its customers' wants, needs and expectations, (2) lists providing access to individuals and businesses for contacting prospective customers, (3) targeted online advertising using a subset of our offline enhancement data, and (4) suppression solutions that allow a client to comply with legislative and self-regulatory guidelines.

In the area of identity and risk solutions, Acxiom also offers several services: (1) employee and tenant background screening services to help employers and landlords gain confidence in a prospective applicant, (2) identity verification and authentication solutions that give an organization confidence it is dealing with a legitimate individual, and (3) our investigate solutions that help organizations locate individuals, assets and principles to resolve delinquent accounts and suspicious activities.

Each of these solutions and the privacy protections that Acxiom has developed to assure the appropriate use of information is discussed in more detail below.



Enhancement Solutions

Acxiom offers businesses, non-profits, political organizations and candidates access to the largest database available of timely demographic, lifestyle and interest data which can be used to enrich their customer or supporter file to better understand their customers' and supporters' desires, needs and changing life-stages. Demographic data includes such elements as the makeup of the household – single, married, and with or without children. Lifestyle data might include such characteristics as lives in an upper income neighborhood, owns a house, or is retired. Interest data would identify a passion for cooking, golf, music or travel.

The client specifies the desired demographic, lifestyle or interest data elements through a menu-oriented approach. This data is then added to our client's already-existing customer or supporter file. It is important to understand the data is general in nature. We do not provide details about specific transactions. Acxiom's enhancement data may be used either offline or online by our clients for marketing and fundraising purposes.

First, enhancement data is used to better understand the interests and needs of current customers, supporters and constituents. Second, enhancement data is analyzed to identify the best market segments for up-selling or cross-selling purposes. Finally, demographic, lifestyle and interest data helps identify characteristics common in an organization's best customers or supporters to target similarly situated prospects who may be more likely to have an interest or need for certain products or causes.

To make it easier for clients to use the broad types of data Acxiom offers, we have also segmented the entire U.S. population into a series of life stage clusters that can be used to differentiate, for example, young singles from retired couples. Our life stage clusters allow our smaller clients to take advantage of the techniques used by some of the most sophisticated marketers in the world.



We license enhancement data to qualified businesses, non-profits, political organizations and political candidates through a menu-oriented approach. Clients license only the data needed for a particular market or campaign. In many cases, we have pre-packaged data groups to meet common or recurring needs for specific industries.

List Solutions

Our database of more than 95 percent of U.S. households includes contact data as well as demographic, lifestyle and interest characteristics and provides a comprehensive source from which businesses, non-profits, political organizations and candidates can prospect for new customers and supporters. In addition Acxiom's land line telephone directories power most of the yellow and white page search engines on the Internet.

Prospect lists enable businesses to take the experience they have with their best customers and use that knowledge to identify likely households of potential new customers and constituents. Acxiom sells prospect lists to businesses, not-for-profits, political parties and candidates on a one-time use or multi-use basis.

Targeted Online Advertising

With more and more consumers embracing e-commerce, Acxiom has deployed a small subset of our enhancement data including our life stage clusters for online advertising and personalization of websites. Acxiom offers several ways to target messages both personally and anonymously online, via email and mobile. Clients can reach out anonymously to browsers who have shopped at their website, but not bought, with offers to encourage them to return and buy. Clients can use Acxiom's lifestyle clusters to anonymously target display ads to specific audiences on a wide variety of ad-supported websites.



Respecting Privacy in Acxiom's Enhancement, List and Targeted Advertising Solutions

In all our enhancement, list and targeted advertising solutions, Acxiom respects a consumer's choice to remain anonymous. For example, we respect decisions not to publish land line or cell phone numbers. The names and numbers we include in our widely used land line directories are derived only from those consumers who have elected to have their number made publicly available by their local telephone carrier.

All the demographic, lifestyle and interest information is collected from either publicly available sources or from businesses that inform consumers their data will be shared with third parties like Acxiom for marketing purposes. Moreover, consumers can contact us in writing, through our website or via our toll-free Consumer Hotline to opt out of some or all of these products. For instance, a consumer can specify that we not make a phone number available in a Web directory even if it's published in the local printed telephone book. Consumers may also opt out from our targeted online advertising solution but remain part of other marketing offerings.

Suppression Solutions

Acxiom offers our clients one stop to identify individuals who should be suppressed from various marketing campaigns. Our solution includes the FTC National and State Do-Not-Call Registries, identification of wireless phones requiring special consent, the DMA Commitment to Consumer Choice Preference lists, and proprietary underage and deceased suppression services.

Background Screening Services

Our background screening services provide employers and landlords with confidence in a prospective applicant. This service is regulated by the Fair Credit Reporting Act and accordingly requires the permission of the consumer before a background check can be



initiated. We offer these services with the most current information possible by providing a report generated in-person/real-time which includes, but is not limited to, a criminal record check, a credit report and driving record. These services, in combination with others such as drug testing, employment, education and professional license verification, help businesses and non-profits reduce turnover and shrinkage, decrease training costs and increase productivity while protecting the integrity of the companies using them. Organizations can't afford to take unnecessary risks in today's environment relative to employees or renters.

Consumers may also go online to Acxiom.com and order a criminal records report on themselves for a reasonable fee.

Identity Verification and Authentication Solutions

Acxiom's identity verification solutions offer real-time consumer verification that enables the confirmation of identifying information to reduce fraud losses and maintain regulatory compliance. This solution proactively verifies a potential customer's identity in real-time by comparing the data supplied by the consumer against hundreds of public and non-public proprietary sources.

Public record data is obtained from federal, state or governmental records that are open for public inspection. Publicly available data is accessible to the general public from non-governmental sources such as telephone directories, classified ads, newspaper reports, publications or other forms of information both offline and online. The non-public proprietary data is acquired for specific permissible use in a particular industry.

The verification produces a probability score that indicates Acxiom's confidence that the information provided by the consumer is accurate and belongs to a real individual. When the confidence level is not high enough, Acxiom can go one step further and generate questions to pose to the individual to either raise or lower the score.



Investigative Solutions

The pressure on law enforcement agencies to protect Americans from internal and external threats has never been greater. As the U.S. population grows more diverse and mobile, accurate and up-to-date information becomes critical. Even industries such as healthcare and utilities are affected. Acxiom provides an investigative tool created for select, authorized agencies and departments to help accelerate case closures. It can be customized to give access to billions of records cross-referenced from hundreds of data sources, all in a single inquiry that is reliable, easy to use, and sensitive to consumer privacy.

Acxiom also offers an online tool for locating and contacting debtors. It provides accurate information for locating someone who is delinquent and gives information about the property they own.

Sources for Acxiom's Data Solutions

The data we acquire to build our various data solutions is obtained from three general types of sources – public data, self-reported data, and summarized customer data from consumer-facing businesses. Acxiom compiles or acquires this data from several hundred carefully selected and screened sources with whom we have cultivated long-term contractual relationships.

Public Data: Public records and publicly available data are the foundation of Acxiom's data solutions. The types of data that Acxiom acquires or compiles include: white and yellow page telephone directories and other types of publicly available directories, property records, and other state and county public records. This data provides the basic names, addresses and some of the general demographic information, such as home ownership, profession and, in some instances, the age of members of a household. We may acquire and compile this



data from various publicly available websites such as the Florida Department of Business and Professional Registration or the U.S. State Department Terrorist Exclusion List. In some instances use of this data is heavily regulated by federal and state laws such as the Driver's Privacy Protection Act.

Self-Reported Data: Surveys and questionnaires are an additional source for demographic data and provide much of the lifestyle and interest data we compile or acquire. Consumers are asked to voluntarily complete surveys, more often online today, from a variety of companies. In these cases, the consumer is provided the opportunity to opt out of any further use of the data beyond that of the company conducting the survey.

Data from Organizations with Consumers as Customers: Acxiom acquires some data directly from companies who sell products and services to consumers. For marketing purposes, we ensure that consumers have received an opportunity to opt out to prevent their data from being shared with a third party such as Acxiom. Also, we only use very general summary data that indicates possible lifestyle or interest intelligence. We never use detailed transaction data. For example, knowing that a household subscribes to a golf magazine would indicate an interest in golf, just as knowing a household ordered that subscription from a website would indicate the household shops online. For our identity and risk solutions, the focus is on identifying data, and in some instances the source of this data is from a heavily regulated industry such as financial services.

It is important to note that Acxiom does not collect or acquire online browsing or search activity on consumers.

In some cases, Acxiom compiles data directly from the source, such as telephone directories and some consumer surveys. In other cases, Acxiom either acquires this data from other reputable data providers who perform the original compilation, or we acquire



the data directly from the business that has the relationship with the consumer. Acxiom screens all data providers and businesses from which we receive data to assure the data has been legally obtained and is appropriate for the intended use.

It should be understood that while Acxiom has hundreds of potential data elements about a household, the information on any one individual or household is always incomplete. Acxiom does not have information on every individual, and we do not have the same kind of information on all individuals. For example, we may or may not have the land line or cell number of a household. We may or may not have property data. We may have some lifestyle or interest data but rarely have all that would apply to the household. Our goal as a data provider is to provide sufficient coverage of a data element to meet the market needs for that particular intelligence.

Respecting Consumer Privacy

Acxiom has a long-standing tradition and engrained culture of respecting consumer privacy in the development and delivery of our data solutions. I have been employed by the company for 35 years and have been responsible for privacy oversight since 1990. Privacy has been my full-time job since the mid-1990s.

Since Acxiom does not have a direct relationship with individual consumers, we do not routinely have direct contact with the individuals even though we hold a lot of data about them. Therefore, we ask our clients to refer to us any individual consumers who may inquire about the source of the data they have obtained from us.

We have posted our privacy policy on our website since 1997, before it was an established and common practice. Acxiom maintains a Consumer Care Department to handle consumer inquiries. We also allow consumers to contact us in writing, through our website or via our toll-free Consumer Hotline to opt out of our marketing products and to access and correct any errors in our identity and risk solutions.



Our privacy policy is designed to adhere to all federal, state and local laws and regulations on the use of personal information. In addition, Acxiom follows the industry self-regulatory guidelines of a number of trade associations in which we are active members, including the Direct Marketing Association, the Mobile Marketing Association, and the Internet Advertising Bureau. We also hold a TrustE seal. Acxiom is also an active member of the Coalition for Sensible Public Record Access. We have applied for and are in the final stages of being certified as an NAI member. These guidelines include posting a notice that describes what data we collect, how we use it, to whom we sell it, and what choices consumer have about the use of that data.

We believe that consumers should be educated about how businesses use personal information. To that end, we publish a booklet titled "Protecting Your Privacy in the Information Age – *What every consumer should know about the use of individual information.*" available upon written, email or phone request. It is also posted online at http://www.acxiom.com/SiteCollectionDocuments/Resources/Brochures/Protecting_Privacy_Booklet.pdf.

Acxiom takes its responsibility toward protecting consumer information seriously. Beyond the industry-accepted guidelines we follow, we have also established our own guidelines that are more restrictive than industry standards. These include such practices as classifying each data element or combination as either sensitive, restricted or non-sensitive as described earlier. For example, we do not provide Social Security numbers or other personally identifiable information about children in any of our marketing products. Moreover, in compiling information from public records we capture only the specific data required to meet our clients' needs, discarding any remaining data from the source. These voluntary information practices are internally and externally audited on a regular basis.



Myths about Information Providers

Now that you have a better picture of what we do, I believe it is also important to point out what Acxiom *does not* do. Over the years, a number of myths have developed about data brokers that require clarification where Acxiom is concerned. These include:

- Acxiom *does not* have one big database that contains detailed information about all individuals. Instead, we have many databases developed and tailored to meet the specific business needs of our clients – entities that are carefully screened and with whom we have legally enforceable contractual commitments.

- With the exception of our background screening solution, which is regulated under the Fair Credit Reporting Act, the information we provide to clients *cannot be used*, according to existing law, for decisions of creditworthiness, insurance underwriting or employment. These activities are regulated by the Fair Credit Reporting Act, and such uses are prohibited under our contracts.

- Acxiom *does not* develop for marketing purposes any data solutions that contain sensitive information. We define sensitive information as personal information that could contribute to identity theft as well as personally identifiable information about children.

- Acxiom *does not* sell detailed or specific transaction-related information on individuals or households, such as what purchases an individual made on the Web or what websites they visited. All purchase information we provide is general and not specific to an individual transaction.

Challenges in an Interactive World

While our clients' objectives have not changed much in the 40 years we have been in business, the environment in which data is collected and in which our clients



communicate with their customers and supporters has changed dramatically. Offline continues its convergence with online, mobile and interactive TV. Online no longer stands alone as separate and distinct from offline or from other interactive media.

The greatest challenge this Committee faces is to identify what practices should be regulated by law versus what should be allowed to mature and be covered by self-regulation or best practice. Further complicating your task is anticipating what changes in technology might alter either the benefits or risks to consumers. As this Committee has seen in just the last year, technology is moving extremely fast, including privacy-enhancing technologies. We don't want to stifle that innovation.

Acxiom believes it is critical that when the Committee considers additional regulation of online data collection and use, they should be clear about the extent of "harm" or market failure they believe has occurred. The committee should also evaluate what the least restrictive alternative would be in this rapidly evolving technological world and understand the cost of compliance against the risk it is addressing.

Informational hearings such as this one and others the Committee has held in recent years have been very helpful in informing all parties about where the concerns of policy makers lie and where proactive initiatives are needed by industry.

Acxiom understands its responsibility to assure that the information we collect and bring to market provides value to both consumers and our clients. We also consider the risks associated with the collection and use of all data we include in our solutions and take steps to mitigate or eliminate these.

We ask this Committee to do the same – consider the value information brings to consumers and businesses, non-profits and political organizations as it considers regulations related to the online space.



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Chairmen and Ranking Members, on behalf of our more than 5,500 associates, Acxiom appreciates the opportunity to appear today to share with the Subcommittees an overview of our business. We also wish to thank the members of the full Committee for the deliberative and thorough approach with which this Committee has studied the appropriate and inappropriate uses of information in our economy. Acxiom is available to provide any additional information the Committee may request.