

Testimony of

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Manufacturing, and Trade
House of Representatives
Understanding Consumer Attitudes About Privacy

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Good morning and thank you Chairwoman Bono Mack, Ranking Member Butterfield and members of the Committee for providing Intuit the opportunity to be here today. We applaud the Committee's interest in online privacy issues, and in particular the focus on consumers' expectations about their online privacy.

Intuit is in a unique position to comment on this subject. Today, over 50 million customers entrust Intuit with their most personal financial information. As more and more of Intuit's products and services are accessed online, understanding our customers' expectations regarding their online privacy and earning their trust has been a major priority at Intuit.

At Intuit, customers are at the heart of everything we do. We were founded on the idea of customer-driven innovation, a mindset and methodology to uncover consumers' important, unsolved problems and then develop innovative products and services that meet and surpass those needs. Many companies talk about customer focus, but the level of commitment to understanding our customers' point of view, and the rigor we put behind it, differentiates us.

Towards that end, Intuit recently undertook comprehensive research that examined our customers' expectations about privacy, including data security and the use of their own specific data. Through the research, our customers explicitly told us that they expect us to be ethical stewards of their data, using it responsibly and with integrity, for their benefit, while keeping it safe and secure.

The research clearly demonstrated the high value our customers place on responsible use of their data. More so, the findings were a central element in the development of Intuit's Data Stewardship Principles, a framework that clearly communicates to our consumers exactly what we will and will not do with their data. Our Data Stewardship principles are included below. To us, they represent our commitment to be an Accountable organization, to our customers, the public, and to the government. Our Principles align with the "elements of Accountability" framework.

We welcome the opportunity to share some of our insights from that research with you today.

About Intuit:

Intuit was founded in Silicon Valley nearly thirty years ago. Our mission is to improve people's financial lives so profoundly, they cannot imagine going back to the old ways of doing things.

We started small with Quicken personal finance software, which simplified the common household dilemma of balancing the family checkbook. Today, we are one of the nation's leading providers of tax, financial management and online banking solutions for consumers and small businesses, and the accountants, financial institutions and healthcare providers that serve them. We employ nearly 8,000 people, our revenues

top 3.5 billion and we're recognized by Fortune Magazine as one of America's most-admired software companies and one of the country's best places to work.

We have always believed that with our success comes the responsibility to give back. Part of delivering on our mission is serving as an advocate and resource for economic empowerment among lower income individuals and entrepreneurs. We have a track record of more than a decade of philanthropy that enables eligible lower income, disadvantaged and underserved individuals and small businesses to benefit from our tools and resources for free.

Through it all we remain committed to creating new and easier ways for consumers and businesses to tackle life's financial chores with the help of technology. We help our customers make and save money, comply with laws and regulations, and give them more time to live their lives and grow their businesses.

Privacy is not a new issue to us at Intuit. We've been committed to continually innovating and implementing the safest and most responsible ways to work with consumers' intimate financial information for nearly 30 years, and we have a dedicated team of privacy professionals with over 70 years of combined experience.

Experience has taught us that consumer trust is a key component of customer satisfaction and long term growth. Without earning and keeping that trust, our customers will not continue to use our products and services. Trust that Intuit handles vital personal information in an ethical and responsible fashion is a founding element of Intuit's relationship with its customers.

As technology products and services transition to online, always-available, connected services, including Intuit's offerings, we believe the same values of trust and transparency will spur continued growth of the U.S. and global economy. We do not

view privacy and security as an exercise in compliance, but as a key part of the value we deliver to customers. Our customers see it that way too.

Intuit's Research Initiative:

As our business evolves and we continue to innovate with online connected products and services, often referred to as 'cloud services', more and more of our customers entrust Intuit to hold their most sensitive data for them. In order for us to provide our customers with the sense of trust that they have come to expect from Intuit, it was important for us to clearly understand our customers' feelings and attitudes about how their data is used, especially in a cloud-based services environment.

Intuit developed Data Stewardship Principles in order to provide customers and the general marketplace with a clear and simple framework to understand how we safeguard and manage customers' data.

To help us develop our Data Stewardship framework and ensure that it addressed the priorities of our customers, Intuit recently undertook an intensive research initiative that sought to understand consumer attitudes towards privacy and the use of their data.

Intuit's research was conducted in late 2010 and early 2011. It was both qualitative and quantitative, employing in depth interviews as well as broad surveys. Intuit conducted two rounds of quantitative, statistically valid surveys that cut across our multiple customer bases and product lines to get feedback and learn what mattered most to our customers; about 2000 for each cycle of research. We also conducted multiple rounds of qualitative customer focus group and one-on-one sessions in order to dive deeper into customer feelings regarding transparency, choice, data use cases and security.

This research is unique. To our knowledge, Intuit is one of the few private-sector companies to invest in a broad and in-depth study that asked its customers about their perceptions regarding privacy and the use of their data.

The findings from this research were instrumental in helping shape Intuit's Data Stewardship Principles. Through the research, we discussed, iterated and reviewed the evolving Data Stewardship principles with our customers in order to make sure we understood their priorities and developed a final set of Principles that were clear, concise and meaningful to them.

Data Stewardship Principles

What we stand for:

- Our customers' privacy (and their customers' and employees') is paramount to us
- Our customers place a deep trust in Intuit because we hold their most sensitive data...therefore, we are a trusted steward of their data
- Our company values start with Integrity without Compromise, and our privacy principles require that we all be accountable

How we run our business (what we hold ourselves accountable to):

We will not:

- Without explicit permission, sell, publish or share data entrusted to us by a customer that identifies the customer or any person

We will:

- Use customer data to help our customers improve their financial lives
 - This means: we help them make or save money, be more productive, be in compliance
- Use customer data to operate our business, including helping our customers improve their user experience and understand the products and services that are available to help them
- Give customers choices about our use of data that identifies them
- Give open and clear explanations about how we use data
- Publish or share combined, unidentifiable customer data, but only in a way that would not allow the customer or any person to be identified
- Train our employees about how to keep data safe and secure, and educate our customers about how to keep their and their customers' data safe and secure

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The central concept of Data Stewardship is that it is the customer's data, not ours. The Principles assure our customers that Intuit will not sell, publish, or share data entrusted to us that identifies the customer or any person without explicit permission. Data

Stewardship also provides our customers tools to understand how their data is being used and empowers them with choices to control the use of their specific data.

Data Stewardship is designed to enable Intuit to continue to innovate and grow by reinforcing the trust our customers have in us, through ensuring transparency and providing clear choices about the use of their data. The Principles are written clearly to state that we will use our customers' data to help them save time and money.

The research we conducted strongly informed Data Stewardship and provided Intuit with three key insights that I would like to share with you today:

- One: Customers care deeply about how their data is used.
- Two: Customers want clear explanations and relevant choices about the use of their data when it is contextually relevant to them.
- Three: Customers welcome and want data-driven innovation when the benefits to them are clear.

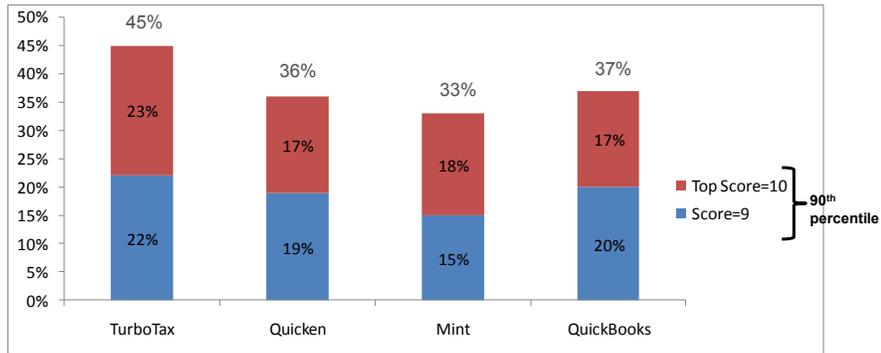
Data Privacy Matters:

What came across loud and clear in the research was that people care deeply about privacy and how their data is used. As more and more of our lives are conducted online, personal privacy is an increasingly important issue for consumers in the here and now.

As they participated in the quantitative research, customers indicated their initial trust level in Intuit.

Baseline: Overall Level of Trust (Before Exposure to Data Stewardship Principles)

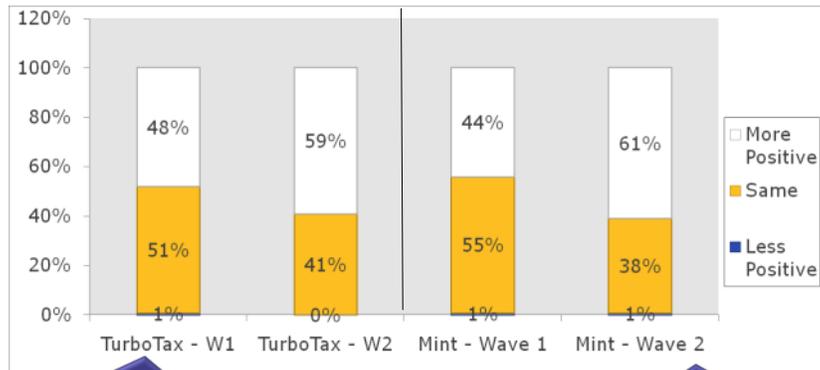
Overall, please indicate the level of trust you have towards Intuit in keeping your financial and personal information safe.



Nearly sixty percent (60%) of our customers said they felt more positive about Intuit after they read our proposed Data Stewardship Principles that outlined Intuit’s ethical use of their data. This is a striking number – and speaks to the importance people place on how their personal data is used, and that clear, simply-stated Principles enhance trust and confidence. One customer stated, *“As a leader in the industry, this statement only reinforces the high regard in which I hold the company.”*

Impression of Intuit (After Exposure to Data Stewardship Principles)

After reading these principles, is your impression of how Intuit handles your financial and personal information...?



W1 = Wave 1 of initial quantitative customer research, October 2010

W2 = Wave 2 of quantitative customer research after multiple iterations

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The importance customers place on data privacy should not be confused because of a lack of engagement in reading privacy statements. Our research showed that even though people are very invested in the use of their data, many customers feel overwhelmed by the fine print of lengthy privacy statements used today and do not feel empowered to have much control over how their personal data is used. In reviewing the Principles, customers commented that they liked them because they are, “clear, concise and focus on top concerns” and valued their “brevity, directness, and assurance.”

Throughout our qualitative research – both focus groups and individual interviews – it became clear that although people do not always read a company’s privacy policy or notice, they do care deeply about their data and how it is used. This sentiment was echoed in the written statements and comments provided by people participating in the quantitative studies as well. Customers often made strong, evocative statements about the Principles, such as “A little safer in an unsafe world” and “Because of these principles, I will continue to use their products”.

The research also showed that customers' number one concern in regards to online privacy is the potential loss of control over their data. When asked to rank Intuit's Data Stewardship principles, 85 percent of customers ranked the principle of Intuit NOT selling their personal data without their explicit permission as the most important principle.

It was abundantly clear to us from the research that our customers felt very strongly about how their data was handled, used and safeguarded. Evolving our privacy framework to a Data Stewardship approach that addressed this core concern while maintaining trust was vital to continuing Intuit's longstanding, trust-based relationship with its customers.

Relevant Choices.

The research also demonstrated that customers want clear and relevant, context-based choices that educate and empower them in regards to controlling the use of data specific to them.

Many customers told us that they often got lost in the fine print and felt overwhelmed by the dense language being used in many privacy policies. They felt that unrestrained use of their personal data was the default setting for most agreements and that they had to swim upstream in order to control their own data.

Instead of long, detailed privacy notices, what customers said they wanted were simple, easy-to-read explanations of how their data would be used. The more words they saw on a page, the more confidence appeared to diminish among our customers. They also wanted to have user-friendly choices about uses that would be specific to them. In other words, less is more.

They also wanted these choices to be presented in context, when the choice was relevant and they could clearly understand the benefit being offered to them based on the use of their data. They did not want to have to go look for their choices somewhere else, such as in a longer privacy statement or a license agreement. When choice is presented in a relevant context, and coupled with a simple explanation, we found that most customers felt empowered to make a choice, and many wanted and welcomed the use of the data.

And they want the choices they make to matter. While they were very receptive to Data Stewardship, customers also expect us to follow through with these Principles and ensure they are not just empty phrases. Customers want proof and not just promises from companies. As part of this research, customers were given the opportunity to provide feedback on several potential data use cases. First and foremost, they want proof that their data will be used to benefit them.

Moving forward, we believe Data Stewardship Principles must be implemented and communicated clearly and consistently across appropriate consumer interactions to become meaningful. We continually strive to introduce new ways to prove our accountability to our customers. Because consumers expect us to be accountable for the promises we make to them, Intuit continues to research the best means to provide data use-related information to our customers in a timely and relevant manner.

Customers also expect us to educate our employees about proper privacy and data security. Nearly 80 percent of our customers said that it was important that employees be trained in how to responsibly handle their data. At Intuit privacy and security training are required for all employees. Additionally, they expressed appreciation that we provide educational resources to customers so they can learn how to safeguard their data, which can be found at security.intuit.com.

In summary, customers want the principles of Data Stewardship to be meaningful and real. In other words, they want to shift the balance of the data privacy relationship with companies as they currently perceive it. Instead of consumers feeling that it is their responsibility to weed through the fine print of privacy statements, they want the private sector to work with them by articulating clear policies and practices, offering relevant choices, and following through on clearly stated data privacy principles.

Demonstrating the Benefits of Data-Driven Innovation:

Our research also demonstrated that consumer confidence increases when consumers clearly see how their personal data can be used to benefit them.

During the research project, some customers stated their belief that if they allow their data to be used by companies, it will not benefit them. They believe that 'data use' meant their data would be sold, leading to an increase in unwanted marketing, predatory data mining schemes, and unwanted spam. They believe their data will be used against them and not for them.

However, when the potential benefits of data-driven innovation were clearly outlined to customers, their attitude towards use of their data changed. Consumers are extremely open to the responsible use of their data if it provides them with direct and tangible benefits.

At Intuit, we have begun to demonstrate to customers how our customer-driven approach to innovation can unleash the power of the customer's own data, and empower consumers and small businesses to have new insights and make decisions that improve their financial lives. For example, Intuit has recently developed capabilities for small business owners to compare themselves along key business metrics to other businesses similar to them in the same geography. Imagine if your local florist could

compare his regular spending trends (on potsoil, marketing, or delivery trucks) with those of other florists in his region of the country? We have also developed a service that helps to identify savings on items commonly purchased by small business owners. Both of these services involve the use of the customer's own data in a way that brings meaningful value to them.

Data-driven innovations, at their best, can empower individuals and small business owners with new tools and insights that once were only available to much larger and more powerful companies. Our research showed a tremendous appetite for such products and services amongst both consumers and small business owners.

Our research also shows that we, as an industry, must do better in articulating and demonstrating the benefits that data-driven innovation can provide to customers. If we develop clear, principles-based data frameworks, simply described, and demonstrate the real-world benefits for consumers – we will generate trust, fuel economic growth, and deliver astounding new benefits and services to customers.

Conclusion:

As we move forward toward a connected-services, cloud-based economy, Intuit believes it is vital that we develop clear and practical privacy frameworks that answer the concerns and expectations of consumers. *“Customer focused, protecting my data and interests, holding themselves accountable,”* are the core elements that mean the most to customers. So, Data Stewardship represents our ongoing commitment to be an Accountable organization, and the Principles align with the “elements of Accountability” framework.

At Intuit, we used the insights from our recent research as a key element in developing our Data Stewardship Principles. We took our customers along with us on the journey to define our principles about the use of data in order to generate a set of principles

that reflects their needs, values and concerns. One customer observed, *“I'm happy that Intuit cares enough about privacy issues to seek customer feedback.”*

Intuit's Data Stewardship Principles express how we think about data and offer clear guardrails to guide our judgment. Data Stewardship is derived directly from Intuit's core operating values – especially Integrity Without Compromise – and is intended to guide our mindset and behavior in all we do. It reflects and reinforces that we are an organization that is accountable for our actions, and for the responsible use of customer data entrusted to us.

Data Stewardship supports Intuit's growth strategies and also meets our customers' expectations about being transparent in how Intuit uses their data to deliver better products, services and features to serve them.

The business world is quickly shifting to one where the center of gravity is now centered on the cloud and connected software, platforms and services. Innovative data use lies at the heart of many new products and services for customers.

As we enter this new environment, we believe a key aspect for fueling economic growth will be understanding and respecting the expectations of consumers in regard to data privacy. At Intuit, we believe one of the key drivers for future business success will come from maintaining and earning the trust of consumers.

Once again Madame Chairwoman, Representative Butterfield and members of the Committee, thank you for giving Intuit the opportunity to share some of our insights from our recent research initiative.

Only by learning directly from consumers what they really want and what is important to them, will we be able to develop the clear and practical data frameworks needed for

the 21st century. We all must work towards the shared goal of protecting consumers while maintaining data-driven innovation that improves consumers' lives in trusted, real and fundamental ways.

We look forward to working with you and the Committee towards this important goal.