



Futurist Speaker Gerd Leonhard

Keynote Transcript: Datawars and the Future of Advertising
The Guardian Summit London June 2013

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Datawars and the Future of Advertising - Futurist Speaker Gerd Leonhard at Guardian Summit London 2013

Video and slides are available at <http://www.futuristgerd.com/2013/10/08/my-presentation-at-the-guardian-advertising-summit-in-london-datawars-and-the-future-of-privacy-advertising/>

Youtube video at <http://youtu.be/RfDPkpsasI4>

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I will spare you the introduction of what a futurist is, this is sort of widely known here in the UK, I'll dive right into it. I will publish these slides later on my website, futuristgerd.com, and I'll send a tweet out of where exactly that it is.

I think what we're seeing right now is I have this theory about what has happened this summer, which people called the Snowden summer for obvious reasons. What we're seeing is a data war and this war is just now starting. These data wars will become much like the oil wars and they will have actual physical victims as well.

What we're seeing today, for example, is Brazil being at war with the US over data, followed by India and next, followed by Switzerland where I live. The ACLU is suing the Google and Facebook, soon the US government.

We're seeing every single day new developments on data because data has become the currency. Data is the currency of the digital world. This is so true when you look at everything that's happening. All the discussions today were about this one thing; and we used military language to describe this, which is interesting: targeting, implementation, campaigns -- all these kind of words that sound like we're already at war.

But I think we have we haven't seen nothing yet and, if you're listening to some of my futurist colleagues like Ray Kurzweil and others, we're now approaching a tidal wave of data. There's us down here with our businesses and our best practices and the perception of the past like laws, social contracts. We're going to see an unprecedented amount of data raining down on us and becoming available.



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For some of us it's sort of a nirvana because we can say we have all this cool data then we can target those people and they can buy a lot of stuff they don't need -- they may need, I mean. Sorry, that was a Freudian mistake. In any case, this huge amount of data becoming available, of course, is a goldmine, but I think what we're seeing is only at the beginning of this, at the tip of Mauna Kea which is in Hawaii, the largest mountain in the world. We're only at the beginning of this. There are estimations saying that we have reached maybe 1.5 on a scale of 1,000 in terms of the explosive rise of data.

I adapted the Ray Kurzweil speech about exponential growth of technology, which you've heard before, Moore's law and so on and so on. I call this "ultra exponential" and really this is a good word, I think, because it describes what's happening with ultra fast, ultra mobile, ultra connected, ultra dependent, ultra addictive. Think about this for a second how addicted we are to our mobile devices and how addicted we are to using cool technology like Google. In many ways you could say Google knows us better than our wives or our husbands because all the stuff we put in there lasts seven years. It's ultra convenient, ultra transparent.

So clearly, as Tom Cruise was telling us, the data economy is bigger than the oil economy. That's hard to believe because the oil economy is \$7.5 trillion a year and four companies make most of that money and the board of those four companies are cashing out with most of their money. Do we really want the oil economy to go the same way -- the data economy because it is becoming the global currency?

I think what we're seeing today already is quite simply best described as data greed. Everybody wants your data. Everybody wants to use it. Nobody wants to really pay for it or keep it anywhere. We all want it.

You guys want it because your mission is to sell things, which is okay. Now we have to figure out how do we actually do this? What is the step beyond hoovering and yes, we can?

It's an interesting area when we look at what's actually happening with data. As Peter Drucker said, "the greatest danger in times of change and turbulence is not the change itself, but it is to act with yesterday's logic." If this is our logic of saying we're going to Hoover up everything that we do because technically speaking we can do this now. Everything you do can and will be tracked because it's possible. That is the bottom line: it's technically possible.

Do we want that? Do we want to track all this?



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This is really yesterday's logic because yesterday we said if we could only have all of the thoughts of all of our target audience, if we could capture all of this, we would be just doing great.

But do we really want this? Do you want to live in a world like this because you can buy more stuff or because you can find one terrorist that's stupid enough to use Gmail? Do we want that?

Do we want to build better mousetraps? Is that our job as advertisers? I don't think it is.

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I think the times of having mousetraps translate into revenues are closing. I think we're now going down this path to where we really have to wonder on the left hand, we have the surveillance graph. The NSA is actually using social media graphs in combination with the other stuff that they have to create profiles on us. The same, of course, goes for our neighbors here, the GCHQ.

We have the surveillance graphs and then of course we have what I call the "hyper targeting graph," that is the advertising guys using the same technologies, in fact, to target us. And then, on top of that, we have what I call the "addiction graph" which is all of this stuff becoming so powerful that we're in a way sort of reverting that we are actually being used by it like our mobile phones. Think of this five years into the future when your information is actually inside of the iris, which is entirely likely, using Google Glass and worse, actually translating my thoughts into actions.

So what would that mean?

I looked around a little bit. I found this really amazing quote, which I will share with you, from this guy from Autonomy, HP Autonomy you may know about. When he talks about what happens here, he says basically when you get all the information, the CEO with all that data becomes a superpower. He says the sizable data trails coupled with social media, you get 100% of data. It does sound like he works for these guys who also want to be a superpower. So the NSA drive is to collect it all, same drive.

Here, by the way, is the seat of Alexander Haig -- what's his name? -- General Alexander who has built himself a Star Trek-type operation room.

You can ask the question: is their common agenda complete surveillance yields superpower for the advertisers, from the advertisers and from the authorities? Will we live in a world like this that essentially says what fuels surveillance also fuels advertising



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or vice versa? Which could be the reason why Google isn't doing anything about it; what fuels their ship also fuels the other ship, who they are. Is that really what we want in the future?

If we're looking at what Google is doing -- Google is one my clients and I love their stuff. I'm totally hooked on the Google stuff like everyone else is, of course. Amazing all the stuff they're inventing. What's happening here is artificial intelligence. That's what they do. That's the next step -- intuitive interfaces, moving into our minds.

This ultra intelligence software is now upon us and if you think artificial intelligence is science fiction like **[0:08:05] [Indiscernible]** doctor of novel, it's not, it's everywhere. And for this, I would propose to you that we need a new social contract, a new way to deal with this really powerful technology. It's not enough to say that we're going to have some other technology to deal with it, but we need a social contract because these devices are becoming our external brains, as Ray Kurzweil and Marshall McLuhan already said, they're the extension of man. And when devices become the extension of man, then we have to find out what are the ethics, what are the stories behind it because, as we become like aircraft carriers of information, we have tremendous power and with that power comes responsibility.

So it's not good enough for us in the advertising business -- I will say "us" but it's really you, but I'm a little bit involved with that -- to boil the frog, to put the consumer in a pot and gradually crank up the heat until they blow up or try to get out, probably not so good.

Past advertising was really all about this: tracking, targeting, tempting or terrorizing. It's the bottom line: tempting or terrorizing, kind of the same thing in a way. When you look at movie coverage from the past, that's not too far-fetched to be our future. I think we're looking at a scenario where past advertising was sort of like the addiction level, the external brain and having to have this dazzle, addict, flood and sell.

Do you really think this will work in the future?

Good luck. I think it will definitely not. That's like saying I'm going to be driving a car with eight cylinders, eating 50 liters and 100 kilometers in ten years just like I am today if I want to. It's very unlikely. The world will be different.

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I think abusing data privileges that we have given companies and governments with impunity results in certain disconnects. This is, of course, the last thing you want as an



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advertiser is to be connected. It will basically kill you. Think about five billion people connected to the Internet in the next five years and most of those in developing countries with mobile devices -- I mean, of course, there are no cookies there whatsoever. So how are we going to connect to those people?

Keyword not provided, cookie not accepted, location turned off, notification off and unlike on Facebook, you're dead, you can't reach them. This will happen on television. Of course, radio, nobody knows what radio is then publishing.

Great post I saw the other day, "the joy of not being sold anything." A lot of people are telling me this is not real because nobody gives a shit except futurists. But this is only the beginning of the iceberg. Think about that for a sec. That is exactly what the record label said 1998, saying that if we're just tough enough we can stop people doing this. Look where they are today.

I think basically the next story is that if we abuse shared data and the openness for sharing and permissions, people will disconnect us. They're doing this already, you just haven't noticed.

I just moved all my stuff off Gmail. I love Gmail. It's the best email in the world, you have to admit. But I don't like this game.

I think what's happening here is that in a way we can say abuse is not a sustainable business model. We are subject to wide scale abuse like garbage cans scanning our mobile phones. If you have Bluetooth activated, it will save your address, your MAC address from your mobile phone. It knows how many times you came by. This is abuse, clearly.

Or mobile apps sharing your data. Of course, there've been many things. Or Facebook graph showing you about racist remarks that people had made -- inadvertently, of course. I mean, this is myriads of abuse.

So I would submit to you that we have privacy failure, basically. Again, it's only the tip of the iceberg. If you think it's bad now, you're worried about that -- if you're forward-looking, you may be worried about that. But most consumers are saying, "So what? They're protecting us. It's a good thing" or "We can buy more stuff for cheaper."

We're going 200 miles per hour, but we're looking in the back mirror not in the front mirror. We're looking backwards and saying, "People will do this because they always have."



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That's what I call "machine thinking." We're thinking of these people, of ourselves as an algorithm, as something that we can determine by a bunch of numbers. And that's very true: we can determine a lot from the numbers and they're very important, don't get me wrong; but that's not all there is to it. We can't think of what we do as a machine because we're not. We're not software, robots and we're not living in the cloud with our bodies.

When we think about cloud computing and mobile phones and digital money, we can clearly say that zero privacy and scanned or no security and abuse of marketing will result in complete failure of cloud computing and reduced technology adoption -- already is. There's already estimations showing that about \$35 billion will be removed from US economy because of this NSA thing about privacy, cloud computing moving to Europe -- allegedly, we can discuss.

But clearly, we may be nearing the end of this Faustian bargain. The Faustian bargain was really quite simple: you get to use all that cool stuff, like Gmail, Facebook -- let's count out Twitter for a second, which is still cool, but obvious what they do -- and many other things. We get to use these. In return, we pay with our data, with our private data.

That was good for a long time. But now, all of a sudden, this is perverted. It's like if you play pinball, you know what this is, right? It's tilted. You've rocked the pinball machine and it said, "I'm done, you have to put more money in." This game is tilted now and it won't come back.

Now we have devices like this called the AdTrap. This is \$130. You can suck off all the ads from your video stuff off the top and you watch the video without ads, will remove all of the ads in video streaming. People pay for that.

You have phones that are encrypted now, not broadcasting your location. You have the rise of "dumb phones" -- Nokia phones, by the way.

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You have the ownCloud, which I just installed. You have all this stuff, basically.

Imagine if the majority of those five billion consumers would pay to be left alone, which is becoming a trend, and disconnect because they don't like this. Imagine that. It would only have to be -- 10% would already be a big problem and not all of it. So if you're still looking for this, you should forget this idea of mousetraps, it's not going to happen. This is what's going to happen.



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Don't worry. I'm not going to show you the grisly scenes here. This an interesting clip here by a cheese company and of course it's an ad, what else? It kind of shows you what's happening right now with advertising. This is us, of course, looking for the cheese and now we're coming back. I had to take the music out because you get kicked off YouTube using the music that is on the video. It's one of those paradoxes. You can see that for yourself.

Billions of connected mice fighting back. Is that what we're going to see? This, I think, is an interesting scenario.

For brands, of course, if you're looking at Google, the connected car, this is what the connected car sees, and it needs to see everything to drive half a centimeter. It wouldn't drive at all if it couldn't see anything, it runs on data. As brands, we want to see the same thing: we want to see everything around us in absolute clarity and connected. I think about 400 megabytes every tenth of a second comes down to the Google Car. That's what we want. We want that data because then we can see around the corners. Digitally seeing things is a must-have.

So basically hyper intelligent advertising is the only way forward because we need that data; without that data, we're dead. This will require consent, permission. Think of that as an interesting angle on the data economy.

Technology should not give us a red pill or a blue pill. This is ridiculous. It's like Obama saying that we have to be either private or secure. What is that? I've never heard of such a bargain. Can we be a little bit secure and mostly private? That's a possibility. Do we have to take the red pill or the blue pill? That's bad technology.

We have to find a way forward. I think the only way for that is really to have permission to be wanted and this is why advertising is turning into content.

So quickly how do we get permission? One is trust. Literally, the guy sleeping next to the elephant, trusting the elephant not to kill him when he wakes up, that's us with our consumers, they're sleeping next to us.

Transparency and honesty. That's a new skill right here.

User empowerment. Customer delight. Amazon, think of Amazon and you'll know what customer delight is.

That's the permission to connect. Really what it comes down to and then we'll go to our panel here very soon, is this idea of trust and technology. If you're looking at technology



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to create a marketplace where there is no trust, you will not be successful because technology cannot replace trust or the other way around for that matter. It's actually a game of the two.

Ironically, two years ago the White House launched the bill of rights of digital rights. What an irony, right? I read this I was thinking, what is this from 50 years ago? Or, is this what they wish they would've launched or whatever?

They actually have a digital bill of rights that says all these things that we would've liked before we found out that they've been doing this for the last 50 years. And now Mashable launched the digital bill of rights. I think this is really important that advertisers and brands and organizations get behind the digital bill of rights for the consumer for their own good to be proactive about balancing the story because if trust is broken, business breaks as well.

You cannot do business in a world where there's no trust. You can do whatever you want. Your product can be whatever, how it is, it will not work because trust is broken. Look at the slide, what's happening with cloud computing. I think this is a good image about this.

What we urge indeed is a comprehensive and global, and I call this a "won't be evil ecosystem," not a "don't be evil ecosystem" and let's not argue about evil or not. We need a "won't be evil." I will not be evil with you because you are the client, you're the customer, you're the consumer. This is the key question. Otherwise, I'm just saying, "I can find other ways, I'll just pay."

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And let's not try to solve a social, cultural and political problem with technology like we tried with DRM, digital rights management; protect the movies and songs with some magic software to enforce the rules. None of that worked. We can't use technology to solve a social problem. We have to use technology to enforce our resolution of social problem. This is very important.

Finally, I would like you to consider taking the best education you ever could which is at the National Intelligence University. They have a course on denial and deception advanced studies, which I think I would like to recommend to you, and it seems to be apparently open to anyone and it could be useful, too. That's a joke, by the way. I'm not serious about that. One of those Germanic jokes, I guess.

Anyway, quick summary and then we'll discuss.



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First, data wars and privacy failures are increasing. Which side of that are you on? Are you starting wars? Are you fixing wars? Are you a peacemaker? Do you use yesterday's logic?

Yesterday's logic, just to remind you, is saying I'm going to Hoover up as much data as I can, I'm going to abuse it as much until I get caught, I'll make as much money as I can and then leave. That's yesterday's logic. It will not work and will completely backfire.

The quest for data superpower is a very dangerous illusion not just for the authorities and the enforcement agencies but for advertisers. We don't need information superiority to do a good job of advertising. We need trust. We need value. We don't need technology to make us into uber data powers.

Advertising without permission becomes extinct. That's quite obvious. Getting permissions requires a new social contract. Why should people come along on this? Give them an argument.

Think about the argument of Facebook, why should I do this or continue to do this? If it goes on like this, Facebook is dead in three years. Why would I continue to do this? What is the reason for me to stick and actually play the game as I have, as all of us have? Need a reason.

Creating a trusted global, "won't be evil" ecosystem I think that's our job, that's our business. And so, we need to support this idea of a new social contract and a new digital bill of rights. I think this is crucial for all of us in this business.

Thanks for your time and attention. I'm looking forward to an interesting discussion.

Thank you.

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