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December 7, 1990

Simpson Garfinkel  
The Christian Science Monitor  
52 1/2 Pleasant Street  
Cambridge, MA 02139

Dear Mr. Garfinkel:

In early 1991, Lotus Development Corporation will introduce a new, innovative desktop marketing tool called Lotus MarketPlace: Households. The product uses consumer information developed by Equifax Inc., the leading provider of consumer information services. Lotus and Equifax have gone to great lengths to ensure that consumer privacy is protected in the development and marketing of Lotus MarketPlace: Households.

We believe it is important to understand that this product was developed with emphasis on the confidentiality of the information it contains. It has the built-in protective measures that a recent Louis Harris survey found Americans want most in information services; it is based on several privacy principles that reflect a sense of balance between the rights of individuals and the needs of business. Lotus MarketPlace: Households was developed with the participation of groups of consumers and a leading privacy expert, and has 12 privacy protection mechanisms built into the product.

Lotus MarketPlace: Households democratizes the direct mail business by allowing small businesses and non-profit organizations the same access to marketing lists as large businesses while protecting the privacy of the consumers that those businesses and organizations seek to serve.

The enclosed booklet provides the details of the consumer privacy protection aspects of Lotus MarketPlace: Households. We encourage you to read it and to direct any questions you may have to us at the following phone numbers:

LOTUS DEVELOPMENT CORPORATION: (617) 693-1305

EQUIFAX: (404) 885-8309

Sincerely,

John Ford  
Director, Public Relations

# **CONSUMER PRIVACY PROTECTION**

**LOTUS MARKETPLACE: HOUSEHOLDS**

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## LOTUS MARKETPLACE: HOUSEHOLDS

Lotus Development Corporation is the leading developer of applications software for personal computers and information services delivered on compact disc. Equifax Inc., founded in 1899, has an almost century-old tradition of quality, service and integrity in consumer information services. Together these two companies have developed an innovative desktop marketing tool called Lotus MarketPlace: Households.

### ECONOMIC BENEFITS OF LOTUS MARKETPLACE: HOUSEHOLDS

Lotus MarketPlace: Households is the first desktop product to combine quality consumer data with the software necessary to quickly and easily identify prospective customers. It is particularly valuable for small businesses, and companies with distributed operations and branch offices.

Increasingly the United States economy and the availability of American jobs is dependent on the growth of small businesses. The majority of all U. S. workers are employed by small firms (less than 100 employees), and they are forecast to be the growth sector of the 1990s. Many of the most innovative products and ideas are generated there, so it's no wonder that technology is no longer strictly the province of major corporations.

To survive and grow, small businesses need to be able to identify and reach potential and new customers. Direct marketing is one of the key tools for accomplishing this goal. Before Lotus MarketPlace: Households, only large businesses with an abundance of resources could participate in direct marketing. It was cost-prohibitive for small businesses to utilize direct marketing, so they really could not compete on the same level as companies that could.

Now, even small businesses can have access to the same marketing resources used by large companies. Lotus MarketPlace: Households enables a business or non-profit organization with a legitimate direct marketing purpose to access lists and produce mailings for an audience previously reached only by larger firms.

As an information services company, Equifax is often a technology leader and is concerned with ensuring that the technology it employs is used responsibly and with concern for individual privacy and information confidentiality. It is building its customer relationships on fair information practices and principles.

As is often true when new technology is introduced, the rewards and efficiencies it brings are sometimes tempered with concerns. In the information industry, these concerns often revolve around the sensitivity of data about individual consumers. Lotus and Equifax recognize this and, as reasonable, responsible corporate citizens, have enacted many consumer-privacy safeguards into Lotus MarketPlace: Households.

As Equifax's president and chief executive officer, Jack Rogers, recently told the company's shareholders, "We recognize fully that our activities supporting our goals of market leadership and technological innovation must be balanced with a commitment to protect our most important asset -- the confidentiality of information."

Lotus MarketPlace: Households, information confidentiality, and general consumer privacy issues are the subjects of this booklet.

THE EQUIFAX REPORT  
ON CONSUMERS IN THE INFORMATION AGE

In 1979, Louis Harris and Associates first surveyed American consumers and business executives to determine their feelings about certain privacy issues. In 1990, Equifax commissioned the Harris organization to again ask about consumer and executive attitudes toward privacy and how they may have changed in the last decade. The 1990 survey covered 2254 individuals and has a confidence factor of plus or minus two percent.

The new survey showed that a majority of the American public (79%) regards privacy as a fundamental right and is generally not satisfied with the way organizations collect and use information about individuals. They also believe they have lost control over how personal information about them is collected and used by companies.

However, the survey also found that consumers are very pragmatic about direct marketing. Most of them (54%) had purchased an item offered through direct marketing within the last year, and nearly 40% said they would be upset if they could not continue to receive mail offers geared to their interests. They realize the benefits they enjoy as a result of this process and, when the right protective measures are in place, almost 90% found this kind of information use to be acceptable. The specific protective measures consumers found important were an ability to opt-out of direct marketing promotions, and assurance that no personal financial information about them was provided.

There are three options available to consumers to opt-out of direct marketing lists, including Lotus MarketPlace: Households.

1. Equifax subscribes to the Direct Marketing Association's Mail Preference Service, which gives consumers the broadest ability to opt out by requesting their names be removed from lists of DMA-member companies.
2. "Equifax Options" is a service offered to permit consumers to be excluded from all direct marketing activities Equifax is involved with.
3. Lotus offers individuals the ability to have their name removed specifically from Lotus MarketPlace.

Lotus MarketPlace: Households does not contain detailed financial information about the consumer, or any other information from which a conclusion could be drawn about an individual's credit worthiness. So, Lotus MarketPlace: Households addresses the two key areas of concern which consumers themselves have stated are important to them in the acceptability of direct marketing.

## PRIVACY PRINCIPLES

An integral part of Lotus MarketPlace: Households' development was a set of Privacy Principles written and incorporated into the initial product plans. It constitutes the basis of the product.

1) Equifax and Lotus believe that organizations in the information industry have a responsibility to protect the privacy rights of consumers.

2) At the same time, consumers want opportunities to learn about new products and services, and to exercise their options to buy or not to buy those offerings.

3) Some consumers may be concerned when their names and addresses are forwarded to mailing list compilers and brokers. Providing a well-publicized and practical procedure for meeting these concerns is a privacy protection obligation of responsible companies, and Equifax and Lotus accept this obligation.

4) Direct marketing involves the use of information from many sources. It is our objective to increase levels of consumer participation, including the consumer's ability to express the desire not to receive information generated by Lotus MarketPlace or other direct marketing products.

5) Information companies have a responsibility to guard against misuse of mailing lists they compile, sell, or use for purposes that will be offensive, distasteful or misleading to many consumers. They also, however, have a duty not to become censors of what are acceptable or unacceptable messages for responsible business advertisers, publications, or non-profit organizations to put forward in our society -- except in clear and well-defined instances, including fraudulent or misrepresented offers.

## CONSUMER PARTICIPATION IN LOTUS MARKETPLACE'S DEVELOPMENT

Equifax and Lotus brought together groups of people in various cities, during the development of MarketPlace, to explain to them the concept behind the product and to receive impressions from them. These focus groups, eight in all, were balanced geographically as well as by age, profession, income and other factors. They gave valuable input regarding, among other things, the privacy considerations in Lotus MarketPlace: Households. Many of the suggestions from these participants were incorporated into the product, and other ideas were used to reformulate the way data is delivered.

The focus groups, much like the Harris survey participants, initially expressed reservations about having information they considered to be personal made available to any legitimate small business with a computer. However, again as in the survey, they were comfortable with the idea once they understood that no actual detailed personal financial information appears in Lotus MarketPlace, and that they could opt-out of MarketPlace or of direct marketing promotions in general.

## PRIVACY EXPERT PARTICIPATION

Equifax and Lotus both recognized the need for objective outside analysis and review in developing this product. Early on, assistance was sought from Dr. Alan F. Westin, the privacy expert who worked with Louis Harris and Associates on the Equifax survey. A professor of public law and government at Columbia University for 30 years, Dr. Westin helped draft the federal Privacy Act of 1974 and portions of the 1970 Fair Credit Reporting Act, the federal law under which Equifax and similar information companies operate. He has consulted with IBM, American Express and other major companies, and assisted in writing consumer and employee privacy codes, including in-house security rules and policies for processing data.

The perspective Dr. Westin brought to Lotus MarketPlace was both refreshing and challenging. He worked to help both companies achieve a sense of balance between the rights of individuals and the needs of business.

Dr. Westin, Lotus and Equifax together developed 12 key privacy controls that became an integral part of Lotus MarketPlace. These privacy protection mechanisms are reprinted here.

## PRIVACY PROTECTION MECHANISMS

Because privacy principles are only as strong as the mechanisms that enforce them, Lotus and Equifax have instituted the following:

### ACCESS TO THE PRODUCT

1. The data discs are obtained directly from Lotus, and are not available in computer stores.
2. Individual consumers are not eligible to purchase the data discs; they are offered only to non-profit organizations and legitimate businesses at verified business addresses, and there will be a check against a fraud file.
3. There will be a signed order form that legally binds users in how they can use the data, and spells out prohibitions for misuse.

### EXCLUDED DATA

4. The product does not contain any actual detailed personal financial information or other data from which one could infer credit worthiness or any other characteristic representing a "consumer report."
5. There are no telephone numbers.
6. There is no specific actual information regarding lifestyles or purchases made by any particular consumer.

### CONTROLS BUILT INTO THE PRODUCT

7. The product cannot be used to directly look up a specific consumer, and it requires selection of a minimum number of names before they will print out.
8. The data is encrypted and is designed to be accessed only through the MarketPlace software.
9. Street addresses are not displayed on the screen, and the software prints out only names and addresses.
10. The database contains, in major metropolitan areas, decoy names that will provide Equifax and Lotus with copies of sample mailings, enabling monitoring of uses of the product.

### ABILITY TO OPT OUT

11. Consumers have several methods to have their names excluded from the data, including contacting the Direct Marketing Association, Lotus or Equifax. Equifax notifies all consumers who receive credit file disclosure of the opportunity they have to opt out of Equifax's direct mail activities, and discusses Equifax Options in media interviews.

### ENFORCEMENT

12. The Equifax Office of Consumer Affairs, reporting directly to the president, acts as an ombudsman for consumers, informing them of our business and of their rights as consumers. Lotus and Equifax also have created the legal mechanism for enforcing consumers' rights against misuse, and are prepared to do so.



## ADDITIONAL PRIVACY PROTECTIONS

Because both companies are very concerned about individual privacy, they have made many attempts to ensure its protection. One additional feature was included in Lotus MarketPlace: Households to ensure the physical security of the data on the compact discs. Known as encryption, this process scrambles and condenses the data into a series of coded numbers. If a person attempted to "break in" to the compact disc, encryption would prohibit all but a trained expert with extensive computer resources from doing so.

Assuming someone did break into Lotus MarketPlace, what data would they obtain? Equifax and Lotus have worked to make sure that the data would only be of marginal value. The intruder would get the individual's name and address (just as he/she would get if the product were used correctly), followed by a series of eight single- and double-digit numbers. That's all. The numbers are meaningless by themselves. No individual information can be inferred from them.

## IN CASE OF MISUSE

What if someone, regardless of these attempts to safeguard the data, still misuses the product? What if a scam operation illegally tried to sell a product to unsuspecting consumers through the mail? What if a self-promoter, intent on breaking the rules, tried to improperly use the product?

In the event someone misuses or is able to abuse the product, Equifax and Lotus have grounds for an immediate lawsuit. The order form signed by the user outlines prohibited uses of the product and, by signing it, each user accepts responsibility for using it for permitted purposes. Other uses constitute breach of contract and may trigger other legal remedies as well. Both companies are pledged to use the legal system to defend the integrity of the product and the consumer's right to privacy and, where possible, will seek punitive damages.

## THE FUTURE

The information industry is by nature very dynamic. Its growth and innovations within the last two decades have been unprecedented and, just within the last few years, exciting technologies never before imagined have brought new products to market. The future undoubtedly holds more unexpected changes.

As more is learned about the uses of the product, and from responses by consumers, customers and others, Lotus MarketPlace will also change. But the strong overall commitment on the part of the Lotus/Equifax team to protect consumer privacy will not change. That is our commitment to the future.