

Testimony of  
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“The State of Online Consumer Privacy”

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Good morning and thank you Chairman Rockefeller, Ranking Member Hutchison, and Members of the Committee for providing Intuit the opportunity to share our point of view on the best way to protect consumer privacy in the technology-driven, Internet era. We applaud the Committee for its attention to this important issue.

Today, I'm here to talk to you about how Intuit views online consumer privacy. Intuit is in a unique position to comment on the current privacy debate. Not only do we have a unique perspective given the nature of our comprehensive business portfolio and compliance with privacy regimes, but fifty million people trust us with their most sensitive data. I will be talking today about the creation of Intuit's Data Stewardship Principles, the process of how we developed these principles, and what we learned from this process, as well as the principles themselves.

As you think about comprehensive privacy legislation, we encourage you to focus on four things:

1. principles-based privacy
2. customers
3. data driven innovation
4. global uniformity

### **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 way of doing things.

We started small with Quicken personal finance software, simplifying 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.

Our flagship products and services, including QuickBooks, Quicken, Mint.com and TurboTax, simplify small business management, payment and payroll processing, personal finance, and tax preparation and filing. We serve half of the accounting firms in the country, helping them be more productive with tax preparation software. And we help community banks and credit unions grow by providing on-demand solutions and services that make it easier for consumers and businesses to manage their money.

The innovation and customer driven focus that inspired these breakthroughs leads us to uncover other unmet needs and large problems to solve. For example, we are working to simplify the way millions of Americans manage their health and medical expenses.

Today, doctor's offices are paper-based, inefficient and need a way to reduce costs and delight their patients who are increasingly demanding online solutions. Our Intuit Health Patient Portal offering is a secure, online way for doctors and their patients to

communicate and complete key tasks. Patients can request appointments and prescription refills, pay bills, complete forms, receive lab results, and exchange messages with their doctor. As a result, doctors are able to reduce costs, delight patients, and qualify for Meaningful Use stimulus funding.

With all of these offerings, we help improve the lives of fifty million people, worldwide.

We're able to do this because our customers entrust us with their most sensitive data – fifty million people trust us with their federal and state income tax return information; their individual purchase transactions, bill payments, and health information; and their business accounts, including employee payroll, accounts receivable, vendor lists, inventory and other business data.

We are widely recognized and respected for our strong privacy and security practices. Maintaining our customers' trust is critical to maintaining our business and competitive advantage. We do not view customer privacy and security as an exercise in compliance but as part of our value proposition.

Intuit products span a range of sector-specific regulatory data privacy regimes in the US, including Gramm Leach Bliley Act, Fair Credit Reporting Act/Fair and Accurate Credit Transactions Act, IRC 7216 – the privacy of individuals' personal tax information, Health Insurance Portability and Accountability Act; and self-regulatory regimes

including PCI Data Security Standards, the U.S.-E.U. Safe Harbor Program and the TRUSTe Privacy Seal Program.

Given the nature of our comprehensive business, providing solutions for a range of tax, accounting, personal finance and health care needs, Intuit is in a unique position to comment and shape the online privacy debate.

### **Intuit's Data Stewardship Philosophy**

As more solutions move to the cloud, customers place trust in us as we handle their most sensitive data. Data Stewardship expresses how we think about the use of data, and offers guardrails to guide our judgment. Just as we talk with our customers about product development, we also talk about their expectations around privacy. They've told us explicitly that they expect us to be stewards of their data, using it responsibly and with integrity, for their benefit, while keeping it private and secure.

The central concept of Data Stewardship is that it is the customers' data, not ours. Because we hold their most sensitive data, customers place a deep trust in us. Our customers have told us this directly through our extensive, consumer research. They care deeply how their data is used, they want clear and open explanations and to have contextual, relevant choices about those uses. They expect us to be accountable to keep our promises. Ethical data stewardship increases customers' confidence and trust.

To ensure that our nearly 8,000 employees are clear about how we manage and respect information entrusted to us, we have created a set of company-wide data stewardship principles.<sup>1</sup> These principles, derived directly from Intuit's core operating values -- especially *Integrity without Compromise* -- are intended to guide our mindset and behavior in all that we do. They reflect and reinforce that we're an organization that is accountable for its actions.

### **Intuit's Data Stewardship Principles**

When we apply our Data Stewardship Principles to leveraging data, they enable us to support Intuit's growth strategies while meeting and exceeding our customers' expectations about how we use their data to benefit them and run our business to provide the products and services that serve them.

We are and will be accountable for the information entrusted to us. By design, our Data Stewardship Principles align closely with globally recognized fair information practices, including those for online privacy developed in the late 1990s and to their originating concepts, the Organization for Economic Cooperation and Development (OECD) privacy principles. As we have learned, we believe these Principles carry the most weight and meaning to actual consumers, based on an extensive research process we will describe below.

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<sup>1</sup> See Appendix A for a list of our Data Stewardship Principles.

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**First, we see the value in comprehensive principles-based privacy legislation.**

We believe there is value in the idea of baseline, principle-based privacy legislation that could work in tandem with self-regulatory approaches and codes of conduct. The Intuit Data Stewardship Principles represent our own internal code of conduct for data. A principles-based approach is not prescriptive but enables flexibility to offer data driven solutions within existing sector-specific privacy laws and, most importantly, is technology-neutral.

A principle-based approach could fill the gaps and crevices that exist between the differing sector approaches, while at the same time blending with them. It is also more likely to be received and effectively adapted by businesses of all sizes, including small businesses not actively engaged in the privacy landscape. It is more likely to be understood by the public it seeks to protect. And a principle-based approach is more likely to achieve consensus over time in the international context, which will be essential to global competitiveness in the emerging digital economy. Such an approach could set forth a minimum set of requirements for business, and provide a fundamental, core level

of consistency for businesses and consumers. Codes of conduct, based on context, industry/sector, technology platform or other data use drivers would build on top of a privacy baseline. Codes of conduct can serve as the framework and support for co-regulatory safe harbor programs.

**Second, any relevant data regime must be focused on the customer.** As we enter this important discussion, it is necessary to further emphasize the importance of both respect for the consumer participation and control of information and the value and benefit of continued innovation, in particular where the future of economic growth is going – data driven innovation. The key to our success and to ensuring balance among these interests is earning the customers’ trust.

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 important, unsolved problems. Many companies talk about customer focus, customer innovation, but the level of commitment to this, and the rigor we put behind it, differentiates us.

For nearly thirty years, our passion for inventing products to solve important problems and perfecting those products to delight our customers, through direct customer feedback and observation, has made Intuit the first choice in financial software for consumers and small businesses. We have an instituted practice within our Corporation called “follow me homes” in which representatives from the Corporation spend a few hours with our customers to not only receive feedback on our products but to also identify key customer



needs to amend our product. The Corporation commits to over 10,000 employee hours of “follow me homes” per year – with our CEO committing to approximately sixty hours per year himself. We supplement “follow-me-homes” with direct customer research, and by bringing customers into special “labs” or focus groups to evaluate and give feedback on the customer experience and usability of our products and services. Our respect for the customer is reflected in the policies and practices that have driven our business.

Trusted data stewardship is central to that commitment and to our success.

The development of our Data Stewardship Principles is kept customers as our central focus: as our established practices suggest, we took our customers along with us on the journey to define our principles about the use of data in a way that reflects the needs, concerns and values of those customers. We took draft Data Stewardship Principles directly to our customers and asked them for their feedback, on both the concepts and words, on intent and practice, with real-world customer experience and expectations.

Over the period of the last year alone, we conducted two rounds of quantitative, statistically valid surveys that cut across multiple customer bases and product lines to get feedback and learn if Data Stewardship and Privacy mattered to them, which principles and how much. We conducted four rounds of qualitative customer focus group sessions to dive deeper into the subtleties of transparency, choice, data use cases and security.

Staying true to customer driven innovation, we iterated and refined the Data Stewardship Principles over the course of the customer research process. After several rounds of input and iteration, the Principles have been extremely well received. Let me share some of the

insights from the more than 100 consumers and small businesses we talked to in focus groups:

- Customers may not read privacy policies but care deeply about how their data is used.
- Consumers are smarter than some give them credit for – they are aware of a wide range of data uses, to benefit them directly and for necessary internal business operations.
- While a majority of our customers already have a positive impression of Intuit, the Data Stewardship Principles further build trust.
- Across all research studies, the principle around not selling or sharing personal data is the most important.
- The more transparent (meaning open, simple and clear) the company is, the more customer trust increases and the customers' need for detailed and frequent or repetitive choice mechanisms appears to decrease.
- Training employees to uphold these principles is also important to customers and adds an incremental level of trust that we will deliver against our promises.

Here are a few illustrative verbatim statements from our customers that show what

Intuit's Data Stewardship Principles mean to them:

- *"This is what makes customers trust them. I like that privacy is paramount & do believe they're committed to this."* – Mike, consumer in San Diego
- *"Customer focused, protecting my data and interests, holding themselves accountable." "I like that these principles are VERY SPECIFIC. There is no doubt, or any way to not understand EXACTLY how Intuit intends to treat my information. I like that."* – Jackie, small business owner in Oakland
- *"Because of these principles, I will continue to use their products."* – Darryl, consumer in Denver
- *"A little safer in an unsafe world."* – Erica, consumer in Atlanta

When customers participate directly in the shaping of Data Stewardship Principles, it brings to life the Fair Information Practice concepts of Transparency and Individual Participation in profound ways.

Specifically, we have learned through this process what is substantive and meaningful to consumers.

**Third, responsible data use can foster innovation.** The world is quickly shifting from a paper-based, human-produced, brick-and-mortar-bound market to one where people understand, appreciate and embrace the benefits of truly connected software, platforms and services.

Consumers' expectations have changed as people are increasingly conducting their lives online. 'Cloud computing' makes it easier to access and use online sites anytime and anywhere an individual chooses. Consumers expect to interact online in an 'always on' environment and to have technology make life easier. They demand even greater simplicity, such as not having to re-enter their data when they use more than one of our products or services. Increasingly, new products and services as well as enhancements to existing ones will employ more and more sophisticated, rich, real-time interactive use of data, directed and prompted by customer actions and expectations of product functionality.

The volume and complexity of data in this new world present boundless opportunities to unlock a tremendous amount of data to create better experiences and products for customers, all while keeping our customers' data safe.

Intuit's approach to data driven innovation is to responsibly use data entrusted to us by our customers to improve their financial lives and the products and services we provide them. This data includes information about our customers – who they are, where they are and how they use our products. By compiling and interpreting this data, we can create innovative, easy-to-use products that delight customers by helping them make and save money. We're also able to provide customers with information that gives them greater insight into their financial lives and helps them to achieve their personal and business goals.

To retain consumer trust in that context, Intuit's vision is that privacy and security are central to the concept of customer "delight," and therefore serve as a competitive advantage.

For innovation to thrive, we must unlock the power of data under a Data Stewardship regime. The essence of Data Stewardship cannot rely on just one element of our principles, it must be comprised of all of them combined: customer driven innovation coupled with responsible, innovative, and compelling data uses. Moreover, as global competitiveness evolves beyond the bricks-and-mortar economies of the past, and international trade takes on an electronic character in the economy of the future, sound

business practices and wise public policy are critical components of innovation, invention, and full, fair and open competition.

**Last but not least, legislation must take into account the need for uniformity among various privacy regimes.** While so many laws and regulations are based on essentially the same principles, multi-state and multi-national companies are challenged by the differences among them. Some regulations in breach notification, for example, require notification of some state agencies; others do not. The notification triggers and thresholds are different. And the definitions of important terms vary across the landscape.

In a domestic context, we support a uniform federal breach notification law. Aligning practices across states would provide benefits for consumers who purchase from merchants in other states. It would also lessen the complexity for merchants, a consistent goal in improving the economy.

In an international context, baseline principles that align with the Asia-Pacific Economic Coordination (APEC) Privacy Principles and the E.U. Directive would improve multi-national commerce, allowing the freer-flow of transactions and data across borders, in a consistent trusted manner. This, in turn, would improve the U.S. economy through vibrant trade. Intuit agrees that the U.S. government should continue to work toward increased cooperation among privacy enforcement authorities around the world and develop a framework for mutual recognition of other countries' frameworks. Intuit agrees that the U.S. should also continue to support the APEC Privacy Principles Pathfinder

Project, because it is the best framework to achieve data privacy interoperability in the 21st century.

### **Conclusion**

Once again, Mr. Chairman, Senator Hutchison, members of the Committee, thank you again for giving Intuit the opportunity to express its thoughts on this important subject. Maintaining customers trust is the foundation to building privacy principles. It is with this trust that we will learn from the customers about what they really want and what is important to them when it comes to their data. In the 21<sup>st</sup> century, customers demand more in a connected world. We must work towards the shared goal of protecting consumers while maintaining data driven innovation to improve our customers' financial lives, in a trusted, real, and fundamental way.

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

### INTUIT 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. We help them make or save money, be more productive, and comply with laws and regulations.
- 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.