

CLOSING REMARKS

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MR. BEALES: Thank you, Loretta, and thanks to all of you. This has been an extraordinary program. I want to thank the panelists, and I want to thank the FTC staff, who made it all possible. As the day concludes, I think that we're all walking away with a better sense of the role that technology is playing in this area, as well as how it can be made more effective as a consumer tool.

We began the day by reviewing the privacy-enhancing technologies that were available to consumers during the last decade, and examining what has succeeded and what has not, and why.

Many of the early technologies were difficult for consumers to use, because the process took too many steps, or it was hard to understand. And consumers did not want to pay separately for a fix that many assumed was already integrated into the computers and applications that they purchased.

Some anti-virus software, or firewalls, had the added burden of requiring active monitoring by consumers for updates and patches. Sometimes security software was also incompatible with consumers' existing applications or operating systems, especially if they have older computers.

All of this can be very frustrating and

1 overwhelming, especially to the number of consumers who
2 are non-techies. The lessons from these experiences is
3 that to be successful in the future, these technologies
4 need to be easier for consumers to use, and built into
5 their software and hardware. Otherwise, consumers won't
6 use them, or if they do, they may not get the full
7 benefit of the protections.

8 Academics who have studied consumer behavior in
9 this area provided additional insight about how to
10 increase the effectiveness of technology in protecting
11 personal information.

12 For example, consumers may want to make
13 different choices in different situations. It's
14 difficult for them to focus on, and it's difficult for
15 them to make global decisions about how information
16 should be collected and used. Timing is everything.

17 The information that is given at the time of a
18 specific transaction is likely to be much more effective
19 in guiding decision-making than information that is
20 presented in the abstract.

21 We also heard about factors that build trust
22 online. These include ease of navigation, brand name,
23 recommendations from others, the particular type of
24 industry. Perhaps most important was the superficial
25 look of a site. How the site looks, the colors, the

1 fonts, how professional it seems.

2 Now, that's at least a little disturbing,
3 particularly in the context of our fraud cases. But
4 unfortunately, it seems to be true. But it also creates
5 an opportunity for manufacturers and vendors who are
6 developing and marketing privacy technologies to do it in
7 a way that appeals to consumers.

8 Technology is only part of the picture. Many
9 of the strategies consumers should use to protect
10 themselves don't involve the purchase of new or separate
11 products, or services.

12 So, for example, consumers should know who
13 they're dealing with before they give out personal
14 information. They should not open e-mails -- and
15 especially attachments -- from senders they don't
16 recognize. They should use passwords effectively by
17 combining letters with symbols, and keeping them in a
18 safe place.

19 Clearly, however, the more things we ask
20 consumers to do, the harder the task becomes. That's why
21 technological solutions, where protections are built in
22 and activation is simple, offer so much promise in
23 helping consumers to protect themselves.

24 For managing digital identities, panelists
25 examined various identity management systems, including

1 single sign-on, biometrics, and smart cards. We also
2 examined recent work to develop principles in this area
3 by the National Academy of Sciences, and by CDT.

4 We are clearly at a transition point, as we
5 move to these more high-tech systems to identify us in so
6 many of our daily activities. It's important to engage
7 in a dialogue about how to build in protections at this
8 early stage. It will only get harder if we wait.

9 Finally, we looked at safer computing, and what
10 progress has been made in the last year in promoting a
11 culture of security.

12 Some of us remember there was considerable
13 discussion at last year's workshop, as at this one, about
14 the needs for products and services that have built-in
15 protections, which are automatic and easy to use.

16 Today, we learned that industry has begun to
17 respond to this challenge, and that security technology
18 is increasingly incorporated into the system by design,
19 and not as an afterthought. For example, some ISPs have
20 started to provide services with firewalls and virus
21 protections included, as part of the package.

22 Panelists also discussed the importance of
23 security benchmarks, such as those developed by the
24 Center for Internet Security, which are already being
25 implemented by at least one company.

1 So, thanks for coming. We hope to see you back
2 on June 4th, when we will continue our discussion by
3 focusing on the challenges that businesses face in
4 protecting the information that they collect and maintain
5 about consumers. I thank you all, and we will see you on
6 June 4th.

7 (Applause.)

8 MS. GARRISON: Before we conclude, Commissioner
9 Swindle has some remarks.

10 COMMISSIONER SWINDLE: I figure those of you
11 who are still here are so damn tired you can't get out,
12 and I might as well talk to you while you are here, a
13 captive audience -- I am convinced we do have Baptists in
14 the audience. You are so spread out from the main pulpit
15 here, that you know, the preacher always reaches out to
16 grab you.

17 I just want to make a few remarks of
18 appreciation. First, Loretta, Toby, and James and the
19 staff that worked on this, we had a great successful
20 workshop here a week ago, I guess it was, and we've got
21 another one, a smaller audience, but a different kind of
22 an audience. I know I can speak for Tim and Howard, who
23 has already said it, thank you so much for coming and
24 hanging around and being a part, but more importantly,
25 really contributing to this overall effort.

1 As I said, and was paraphrased here, this
2 effort is not a destination. It's a journey, and we have
3 all got to walk along that path, and we have got a lot of
4 stuff to do.

5 I am really impressed with some of the
6 accomplishments that have been discussed here. You know,
7 we have had some great companies in here talking today.
8 We have had Microsoft and Dell and others, and I,
9 unfortunately, had to miss portions of it. But the
10 things that are being done by great companies in a great
11 country are getting it done.

12 And as Andrew says, we ain't there yet, and
13 we're not going to get there. If you're thinking we're
14 going to find that we wind up somewhere and take our pack
15 off and say, "Hey, guys, we did it," forget it. It's not
16 going to happen.

17 And the way we're going to accelerate the
18 journey and accomplish more during the journey is for
19 Alan Paller and Andrew and all the non-government
20 organizations to just keep the pressure up. As Alan
21 said, we've got consumers now paying attention to this,
22 and guess what? When consumers pay attention to it, big
23 companies, big great companies, they pay attention, too.

24 And Jerry, I thank you so much. I am very
25 familiar with Comcast. I was on Excite@home, and we all

1 went through that disaster. And they have come so far.

2 And things are different today, as several have
3 pointed out, we are making progress. And you know,
4 Howard Schmidt here, a dear friend of mine, and what a
5 hell of a loss to the U.S. government for him to depart
6 the scene -- but I know he's not very far away, and when
7 we get in trouble, we will call him and he will come back
8 -- but it's great to have him here.

9 Philip, Microsoft, great company. Would you
10 please spend some time with me and tell me how I can stop
11 these incessant messenger pop-up ads that I'm getting
12 here in the past two weeks? I want a solution to that,
13 or you can't leave the room. So that is high priority
14 for a great company. You don't want an unhappy me.

15 (Laughter.)

16 COMMISSIONER SWINDLE: But seriously, Frank,
17 I've got to comment on your saying that maybe consumers
18 can't handle all this stuff. And I agree. This is all
19 complicated stuff. Hell, I can't even get home usually
20 by myself. It is a problem.

21 But I remember back when Henry Ford rolled out
22 his first car. I'm the only one here old enough to say
23 that. And there were people saying, "Oh, my God, you
24 can't turn these dangerous vehicles -- they are very
25 complicated, you can't turn them loose with the

1 consumers."

2 And then, when I was a young aviator -- before
3 I was an aviator, they came up with the airplane, and we
4 rolled those suckers out, and they said, "Good Lord, you
5 know, you can't do that. You can't turn those over to
6 normal human beings, you have to be elite to do this."
7 And you know, I remember one of the first rules they gave
8 us when we started flying, they said, "Never depart the
9 boundaries of the air."

10 (Laughter.)

11 COMMISSIONER SWINDLE: It's really bad when you
12 do that, you know? But guess what? We did it. You
13 know, we have got millions of cars flying around here,
14 and yes, we crash a few every year, but isn't it amazing?
15 It's like a beehive. It works.

16 I contend consumers can handle some of this
17 stuff, and it won't be at the sophisticated level of a
18 Microsoft, or a Sun, or whoever else, or IT center here
19 at the Federal Trade Commission. But we can handle this,
20 as consumers, we can do certain basic things that will
21 take 80 percent of the risk out of it -- the
22 vulnerability out of it.

23 I remember my early days in the Marine Corps,
24 when I really can remember -- I couldn't remember those
25 first two things; I lied there, but back to the

1 confidence thing -- but in the Marine Corps, as a
2 lieutenant colonel, just before retiring, I saw a
3 personal computer. I actually saw one of these things.
4 I had never seen one.

5 We had a computer center, it had these big
6 machines, and they whirred, and they had air
7 conditioning, and those floors, that you lift up the
8 panels, and all this stuff, and we were not -- us common
9 folks were not even allowed to come in that room. And it
10 was about 60 degrees in that room. I remember I did
11 sneak in once. They ran me out, because I wasn't cleared
12 for that.

13 We had a policy that there would be no
14 proliferation of computers beyond the computer people,
15 because guess what? The common people couldn't be
16 trusted with them. Now, virtually every household in
17 America has a small computer, and it's a hell of a lot
18 more powerful than those big roomfuls than we had back
19 there.

20 We can do this. We are going to do it because
21 great companies and great non-government organizations
22 are going to lead the way. The government is going to be
23 here to hold workshops and facilitate things, and start
24 fights, and things like that.

25 But you're going to lead the way. That's the

1 only way. That's the American way. And thank you very
2 much for being here with us.

3 MS. GARRISON: Thank you.

4 (Applause.)

5 MS. GARRISON: Thank you very much, and a
6 special thanks to this panel, again, for their being
7 here, and for such a provocative discussion.

8 We look forward to seeing all of you on June 4,
9 for a continuation of this discussion.

10 (Whereupon, at 5:46 p.m., the meeting was
11 concluded.)

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C E R T I F I C A T I O N O F R E P O R T E RDOCKET/FILE NUMBER: P034808CASE TITLE: TECHNOLOGY WORKSHOPHEARING DATE: May 14, 2003

I HEREBY CERTIFY that the transcript contained herein is a full and accurate transcript of the notes taken by me at the hearing on the above cause before the FEDERAL TRADE COMMISSION to the best of my knowledge and belief.

DATED: MAY 20, 2003

PETER K. SHONERD**C E R T I F I C A T I O N O F P R O O F R E A D E R**

I HEREBY CERTIFY that I proofread the transcript for accuracy in spelling, hyphenation, punctuation and format.

SARA J. VANCE