

II OPINION

Learning from the Cambridge Analytica fiasco

By Reuben Ng

THROUGH seemingly innocuous psychological tests on Facebook, the skill with which Cambridge Analytica – the now bankrupted political consulting firm based in the United Kingdom – combined and analysed diverse data sets of over 80 million user accounts proves that unethical data mining, brokerage and analysis has unwittingly become social media companies' biggest existential threat.

This was not a hard-to-predict black swan event. Indeed, many have sounded the clarion call for action. However, the nature and fervour of these successful startups, while admirable, make them especially vulnerable. Since their nascence, they have thrived on risk in favour of rapid growth. Such strategies must be moderated as they evolve into behemoths. Otherwise, the costs are great, as seen in the billions of US dollars of Facebook share price value wiped out following the data scandal.

As the dust from the Cambridge Analytica scandal settles, the onus is on data giants to reach a new equilibrium on how they function. Facebook CEO Mark Zuckerberg has admitted that it will take several years to "fix" the platform. While he's at it, these suggestions might help Facebook leap from good to great.

Practise Futures Thinking

Prioritise and commit resources to "futures thinking" – a systematic and structured blueprint for dealing with various possible (future) scenarios an organisation may face. Royal Dutch Shell is a great example: Since the 1970s, scenario planning facilitated faster responses to unexpected market shifts and events while other industry players languished.

Social media giants are good at dreaming up opportunities; they should also be better at anticipating risks. Developing drawer plans for plausible risks and stress testing these plans will enable a swift response to a crisis that pulls down a company's share price. Over time, proactive management of risks, powered by scenario planning, conveys to stakeholders that the company is far-sighted, hence improving its intrinsic value and reputation.

Futures thinking at the strategic level must be coupled with implementation experiments at the tactical level. Simply put, after knowing what might come, one needs to act. With the acceleration of fintech's disruption to traditional financial markets, the Monetary Authority of Singapore (MAS), the city state's central bank, set up a regulatory sandbox where rules/policies are relaxed for the experimentation of innovative technologies

that will otherwise not be possible in a tightly regulated environment. The full potential of disruptive tech can be glimpsed while risks are contained. In addition, the learning opportunities are mutual: tech providers glean lessons for actual rollout, while regulators learn to balance regulation and development of disruptive tech.

Organisations can learn from such approaches to first, practise futures thinking to understand the risk meteors that will strike in the mid-to-long term; and second, experiment with ways to manage these risks. Doing so will enable a faster response to crisis.

Win the Trust Tussle

Public trust is a moving target, especially in a climate where facts are no longer truths. To win the trust tussle, organisations need to win the game of head and heart. The public needs to know enough to trust (head), and feel like the organisation can be trusted (heart).

In his recent media appearance, Mr Zuckerberg conceded that Facebook needed to do a better job of explaining to the public their principles and how Facebook works. A trust-us-to-fix-it posture may be counterproductive. A non-transparent process with great outcomes will not promote trust. Thus far, most of Facebook's communications

have focused on outcomes and may come across as defensive. Facebook could consider discussing the desired outcomes (which they have done well), and more importantly, explain the detailed strategies to reach these outcomes. Essentially, organisations need to provide enough information on both the process and outcome to convince an increasingly sceptical public.

To seal the deal, organisations must reach a point where the public feels like they can be trusted. Though easier said than done, ironically, the process is more scientific than it sounds. Empathy and humility are key. When the public feels like they are being heard, their views are understood and acted upon, trust grows. Implementation is analytics-driven: Distil different societal segments, understanding their differing views, and crafting different responses. Targeted messages for different segments are better than generic messages that often don't work because it assumes a one-size-fits-all.

Winning the trust tussle requires a double-pronged approach: Nudge the mind and tug the heart. With the mind and heart in parity, a decision to trust is made.

Build Policy Teams

Building public policy teams is an important step to implement these approaches at

scale. Social media giants can take a leaf out of Microsoft's playbook. Since the antitrust lawsuits brought by the US Department of Justice in the 1990s, Microsoft has built a formidable government affairs team unmatched in size and scope.

As Facebook is likely to see more countries following the footsteps of the European Union to instate data protection regulations, it needs to accelerate the growth of its public policy and government affairs team to enable the company to engage effectively with regulators and decision-makers.

Ultimately, the Cambridge Analytica episode revealed one thing: If an erstwhile (tech) startup wants to cut it and stay in the super league, it has to step into big shoes by adopting futures thinking, process-centred transparency and accelerate the scale of its public policy teams.

In essence, maturing from its startup paradigm would help Facebook leap from good to great.

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