February 6, 2015

Chairwoman Edith Ramirez  
Federal Trade Commission  
600 Pennsylvania, NW  
Washington, D.C. 20580

Dear Chairwoman Ramirez:

The early-termination approval for the acquisition of data company Datalogix by the Oracle Corporation, issued by the Department of Justice (DoJ) on January 13, 2015, raises fundamental issues about the role the FTC should play in the merger-review and consumer-protection process in the “Big Data” era.¹ As you explained last year, the FTC serves “as the country’s primary agency charged with protecting privacy in the commercial sphere.” “Big Data,” as you also noted when the commission released its 2014 report on the data broker industry, “can have big consequences,” including those “deeply detrimental” to the public.²

We believe the commission should be more proactively involved with consumer information-oriented mergers and acquisitions such as the Oracle/Datalogix transaction, given its unique expertise in the contemporary digital data broker marketplace. There has been increasing consolidation in the data-driven consumer-marketing sector, with companies amassing vast holdings of the key element that drives much of online commerce—information on or about individuals.³ The Oracle/Datalogix transaction involved the merging of far-reaching and powerful datasets and applications across key offline and online markets, including financial, retail, auto sales, grocery, and other major sectors.⁴ It illustrates the crosscutting dimensions of the contemporary “Big Data” digital marketplace, where competition and consumer-protection issues are intertwined.

In the case of Oracle Corporation and Datalogix, the FTC should have urged the Department of Justice to engage in extra scrutiny, including a request for additional information, to understand the full implications of yet another major data...
acquisition by Oracle. It had been less than a year that Oracle acquired leading data broker BlueKai (also done through an early-termination process).

The proposed dimensions of the transaction, in Oracle’s words, illustrate why the commission needed to play a key role, given its substantial work on the digital marketplace. It would create “the world’s most valuable data cloud” for digital marketing, enabling it to “reach consumers everywhere,” including “online, mobile, email, display, social, In Store, TV, Radio and Direct Mail.” It would enable Oracle to connect and unify “a consumer’s various identities across all devices, screens and channels,” and “create a comprehensive consumer profile involving “Behavioral Data: What Consumers Do,” “Social Data: What Consumers Say,” and “Purchase Data: What Consumers Buy.”

Appended to this letter is a more detailed discussion of the background of the Oracle-Datalogix transaction.

The commission’s own 2014 data broker report involved an analysis of documents obtained from Datalogix, as well as other data brokers connected to its proposed operations with Oracle. While the DoJ has handled Oracle Corporation M&A transactions in the past, that company’s growing collection of consumer-data-profiling and targeting assets, including Datalogix, is an area that directly connects to much of the work of the FTC.

This Acquisition Required Scrutiny By the Bureau of Consumer Protection:
The Oracle/Datalogix merger raised serious privacy and digital consumer protection issues, concerning financial, racial, location, and other sensitive data, as well as the EU/U.S. Safe Harbor agreement and the Google and Facebook Consent Decree settlements. It involved a number of consumer-protection concerns, including financial marketing and auto sales, where the FTC has a congressional mandate to protect the public.

Impact on Privacy, Sensitive Data, and At-risk Consumers: The merging of even more powerful datasets on U.S. consumers—including individuals’ offline and online identities—posed a serious challenge to privacy and consumer protection online.

The combination of Oracle and Datalogix incorporates a range of sensitive and other personal information, including race/ethnicity, presence of children, financial status, and location, all of which should be addressed. Among the practices engaged in by the companies or their partners are financial services to economically at-risk Americans, including loans for private colleges as well as lead generation. The targeting of multicultural groups, along with children and youth, are issues that require a concerted investigation by the commission for this deal. The combination also impacts the marketing and sales of both new and used automobiles, a key issue for the FTC.

Google/Facebook Consent Decrees: Both Oracle and Datalogix partner with Facebook and Google, which should have triggered a review by the FTC under the respective Consent Decrees to ensure that consumer privacy is protected.
**U.S./EU Safe Harbor:** Datalogix and Oracle each participate in the Department of Commerce “Safe Harbor” program for the European Union. As part of its commitment to the EU, the FTC also needed to examine carefully how the combination of datasets and analytical and targeting practices will affect the privacy of EU online users.

**Launch an Investigation and Public Workshop:** We respectfully urge the commission to launch an investigation into the impact on the American public of the growth in data-oriented mergers and acquisitions and the consolidation of datasets and targeted marketing applications. As the Oracle/Datalogix transaction illustrates, in addition to data-broker concentration, there are also numerous new alliances and special relationships among companies that enable the “pooling” of data used for targeting. All of these changes, reflecting the “always-on” Big Data marketplace, demand a new analysis to determine how the structure of the consumer marketing industry has been transformed. Given the profound changes underway on how Americans learn about, shop, and pay for everyday products, through mediated, intelligent, and pervasive systems involving real-time analysis and implementation, the commission’s investigation should help the public better understand the implications for their daily lives of these major marketplace developments.

As part of this process, the FTC should hold a public workshop on how best to explore the new data-driven marketing landscape and its implications for 21st century competition and consumer protection. It should involve the Department of Justice and stakeholders from consumer and privacy groups, industry, and academia. The workshop and investigation should address the process used by the FTC and the DoJ to review data mergers, and identify ways that privacy and consumer protection issues can best be addressed.

**21st Century Competition and Consumer Protection:** As President Obama explained at his recent appearance at the Federal Trade Commission, “If we’re going to be connected, then we need to be protected.” Such protections in the Big Data era include effective competition in the digital marketplace as well as consumer control over their information. While the availability of consumer and related data is greater today than previously, the number of companies with access to the most detailed consumer information, and that have the capabilities to use that data most effectively, continues to shrink. These select companies, moreover, enjoy special relationships with their data and technology partners. The challenge for competition regulators, we suggest, is to identify how the contours and realities of digital marketing have blurred what were formally more narrow market-definition silos.

The similar historic boundaries that have separated competition and consumer protection issues are also outmoded. We believe this was evident in the Oracle/Datalogix transaction, where the consolidation of consumer data sources is undeniably connected both to the loss of privacy by Americans and to the ways they engage in transactions, online and off. Both competition and consumer-privacy regulators should probe deeply into the actual operations of today’s cross-platform
and real-time targeting digital marketplace. They should especially address how this transaction will impact consumers in key markets, most notably the financial services sector.\(^{18}\)

The American public deserves to know how the consolidation and use of their information affects their daily lives, from the prices they pay and the services they are offered to what this transaction means for their privacy. We urge the FTC to develop a more effective approach to identifying new problems and threats to competition and consumer protection in the Big Data era.

Respectfully,

Jeffrey A. Chester
Executive Director
Center for Digital Democracy

Ed Mierzwinski
Consumer Program Director
U.S. PIRG

John M. Simpson
Privacy Project Director
Consumer Watchdog

Robert Weissman
President
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cc: FTC Commissioners Julie Brill, Maureen K. Ohlhausen, Terrell McSweeny, Joshua D. Wright.

Appendix

Background on the Now-approved Datalogix-Oracle Deal

Oracle is “the world’s largest provider of enterprise software and a leading provider of computer hardware products and services that are engineered to work together in the cloud and in the data center.” Viewed as a “leader” for its digital marketing services, its “Oracle Cloud” provides a number of data applications, including “sales, marketing, social engagement, monitoring, and data and insight.”\(^{19}\) The company has “a comprehensive portfolio of products and services to help enterprises capture, manage, and analyze big data alongside an enterprise’s existing enterprise and streaming data.”\(^{20}\) Its recent introduction of the “Oracle Marketing AppCloud” “features the industry's most comprehensive marketing technology ecosystem, offering Oracle customers the broadest set of marketing apps and data services ... across online, offline, mobile, social, and display.”\(^{21}\)

With its acquisition of BlueKai, Oracle also controls “the world’s largest data auction marketplace for all audience data.” That includes “the largest source of data on over 160 million” individuals “across 7 key verticals including auto, travel, finance and retail.” BlueKai is said to interact with “200 million unique consumers each month and manages over 750 million data events per day.”\(^{22}\) It operates the BlueKai Data Partner Program, “a comprehensive network of approximately 300 dedicated partners, including data partners ....”\(^{23}\) Datalogix currently provides data to Oracle’s
BlueKai. Oracle/BlueKai is partnering with Verizon as well, for its Precision Marketing Insights service.

Among BlueKai’s scores of data partners are many of the leading data brokers, including those that incorporate financial information on consumers, such as Acxiom, Alliant, Experian, Financial Audiences, IXI, Lotame, TransUnion, and TruSignal. BlueKai’s data used to target “In-Market Financial users” are gathered from consumers “who have performed actions such as search queries, using financial calculators, and comparing credit card offers, mortgage rates, insurance products and retirement plans. 80% of Oracle BlueKai’s In-Market Finance data comes from comScore top 50 Financial sites.”

Through its partnership with Acxiom’s LiveRamp, BlueKai incorporates additional methods to link (match) a consumer’s offline and online data. BlueKai has a myriad of “DataApp” partners, including many that provide additional targeting capabilities. The data management platform (DMP) run by BlueKai enables clients to “slice and dice” “in-depth first-party (online and offline) and third-party” data, so clients can “accurately target campaigns” to a consumer on social media, mobile devices, PCs and “across third-party ad networks and exchanges.” The BlueKai DMP serves “six of the Fortune 20” companies, including “Three of the Top 4 largest Telecommunications Corporations.” BlueKai’s vast cookie-data holdings on consumers are described as “unassailable,” reflecting its significant position in the market.

Oracle’s “Identity Graph” unites “all interactions across various profiles to create one addressable consumer profile.” This includes identifying “customers and prospects everywhere,” and unifying “addressable identities across all devices, screens and channels.” Oracle’s “Identity Graph uses an array of tracking and profiling techniques, including “Cookie ID,” “Mobile ID,” “Email ID,” “Set-top ID,” as well as postal and registration “ID” data on individuals.

Datalogix, explains Oracle, “connects offline purchase data to digital marketing to improve targeting” as well as help measure the impact of online marketing on sales. It captures “99% of all U.S.” auto sales, and has a database of “20+ years of ownership data” for that market. Datalogix’s Consumer Product Goods targeting services work with “50+ grocery chains, 7,000+ brands” covering “300+ categories.” For the retail industry, Datalogix analyzes “10 billion transactions” involving “1,400+ retailers” that cover “1,000+ categories.” It has amassed a vast “cookie pool” to target consumers. Datalogix works with “1,500 data partners” to help track and target 110 million U.S. households that are responsible for “over $2 trillion in consumer spending.” Its clients include “82 of the top 100 U.S. advertisers” (including Ford, Kraft, AB InBev, Yahoo, Unilever, and PepsiCo), and “7 of the top 8 digital media publishers, such as Facebook, Google and Twitter.” Datalogix says it is “the industry-recognized leader at integrating offline data and digital media. We build precise targeting strategies using verified offline purchase and activity data on
more than 110 million households. Our 100% 1:1 deterministic matching guarantees advertisers the most accurate audiences available online.”

Datalogix has specialized consumer-tracking and -targeting categories for numerous markets, including Finance (“Reach audiences based on income, credit status, net worth and more from industry-best offline sources”); Retail (“Reach audiences across any retail category & product”); CPG (“Reach category, brand or product-level consumer packaged goods buyers”); Auto (“Reach audiences in market, near market & likely vehicle owners); TV Viewers (“Reach TV viewing audiences based on the shows, networks & genres they watch most”), and more. One can also build a “Custom” targeting group: “Build custom audiences based on known offline behavior, 1st-party data or a combination of the two.” Its “OnRamp” service engages in offline and online data matching of a consumer (“Convert any CRM or offline file into an online audience with 1:1 direct match”).

Datalogix also provides a range of data-enhancement services for consumer targeting, including the development of “customizable scores designed by unique proprietary models,” “postal append” (“Match your email database to our postal database of 110 million + U.S. households for a reverse append”), “Demo Append” (“Match your email database to our postal database of 110 million + U.S. households for a reverse append”). They enable so-called “look-alike” targeting, using the company’s data to identify, track, and target consumers who are not current customers. According to industry observers, Datalogix “has heaps of consumer emails and phone numbers” that can help Oracle better target consumers on their mobile devices and with “apps.” Its key data partners, such as Tapad, Drawbridge, and Verve, help it track mobile consumers, including their location as well as across devices. The company reports that it covers “10 Billion transactions,” from offline to online. Acxiom, which acquired a firm specializing in offline and online data matching for targeting in 2014, has just announced a continuing partnership with Datalogix.

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1 The deal was announced on December 22, 2014, and given an early-termination notice by the FTC on January 13, 2015. http://www.ftc.gov/enforcement/premerger-notification-program/early-termination-notices/20150429


3 Google, Yahoo, WPP and Publicis were the most “active acquirers” last year. http://www.coadydiemar.com/html/dm_volume9_2014.html. See also Alliance Data Systems/Conversant merger. http://www.democraticmedia.org/ftc-asked-review-big-data-merger-between-alliance-dataconversant-also-address-privacy-consumer-data; One report on 2014 M&A activity in this sector noted that “Particularly hot themes have included the role of offline data in closing the loop for in-store purchases, omni-channel attribution as a

4 http://www.datalogix.com/audiences/online/syndicated-segments/

5 Oracle/Bluekai was also awarded early termination. http://www.ftc.gov/enforcement/premerger-notification-program/early-termination-notices/20140624; In announcing its plan last February, Oracle described BlueKai’s “Audience Data Marketplace” as “the world’s largest 3rd party data marketplace … with actionable information” on hundreds of millions of consumers. It provides “access to the largest aggregation of licensed 3rd party data providers available anywhere,” enables its customers to access “more than 30,000 data attributes,” and has “more than 200 data providers” and “over 700 million global profiles.” The result of the Oracle/BlueKai acquisition created “more complete customer profiles, enriched with detailed 1st party data, easily accessible 3rd party data, and new 2nd party data.”


6 In its presentation to investors Oracle also discussed three key reasons for its acquisition of Datalogix: (1) to help “connect the identity of a consumer across all channels”; (2) to help “target” individuals based on data and analysis about their “prior purchases and cross channel behavior”; and (3) to engage in an array of “measurement” strategies to make subsequent user targeting even more effective.

http://www.oracle.com/us/corporate/press/2395487; see General Presentation and:

7 This deal also followed another major consumer data merger, involving Alliance Data and Conversant (also approved via early termination).

http://www.ftc.gov/enforcement/premerger-notification-program/early-termination-notices/20141572; also see our letter on Alliance Data/Conversant.
http://www.democraticmedia.org/ftc-asked-review-big-data-merger-between-alliance-dataconversant-also-address-privacy-consumer-data

8 In addition to Datalogix, the FTC also received information via its “Special Orders” from Axiom, as well as from eBureau. The latter company spun off Trusignal, which works with both Bluekai and Datalogix. http://www.ftc.gov/news-events/press-releases/2014/05/ftc-recommends-congress-require-data-broker-industry-be-more; http://www.trusignal.com/about-us/;

9 http://www.ftc.gov/news-events/media-resources/consumer-finance/auto-marketplace

For example, TruSignal partners with Oracle’s BlueKai. TruSignal offers the targeting of the “underbanked” and also in the higher education market. http://www.tru-signal.com/solutions/pre-built-audiences/; http://www.tru-signal.com/industries/higher-education/; BlueKai also provides data to target people seeking post-secondary and vocational educational services: “Users who have demonstrated intent to pursue education and vocational training, typically at post-secondary institutions. Examples of intent include searches on particular schools, majors, and financial aid products.” http://topliners.eloqua.com/docs/DOC-8352; See also: http://www.BlueKai.com/bluebook/


Datalogix, for example, partners with Polk which “collects and analyzes data related to registration and title information, new vehicle transactions from all the major manufacturers, and even vehicle financing data.” See: http://adexchanger.com/data-exchanges/polk-bringing-offline-auto-data-to-online-ad-targeting/; http://www.datalogix.com/2013/05/polk-and-datalogix-extend-exclusive-digital-automotive-partnership-through-2016/. Datalogix’s “DLX Auto” services provides “exclusive access to Polk data.” DLX Auto OnePager. March 2014. http://www.datalogix.com/industries/automotive/. Datalogix notes that auto marketers “can leverage this data to precisely target likely past, present, and future buying preferences by make, model, body style and more ... . 350+ data points are analyzed to build precise in-market audiences. Choose from 200+ pre-built auto segments or create your own custom segments using the DLX comprehensive data engine.” The FTC received additional authority to address car dealers under the Dodd-Frank bill. http://www.ftc.gov/news-events/media-resources/consumer-finance/auto-marketplace

including its relationship to the social network’s data-related acquisitions of LiveRail and Atlas. 
http://techcrunch.com/2014/12/10/defenders-of-the-adverse/;


18 See, for example, a new report done for the IAB. “Data and technology. Together, they’re upending the worlds of advertising and marketing. No longer just the province of the direct marketer (and recognized as the linchpin of the burgeoning “programmatic marketing” practice), consumer data is growing to support programs that span virtually all digital and traditional media. Likewise, a frenetic pace of new investment—978 deals were completed in the U.S. marketing technology sector in 2014, according to investment bank Petsky Prunier LLC, representing a total of $19.4 billion in aggregate value—is driving unprecedented innovation in the tools used to activate those precious information resources.” January 2015. http://www.iab.net/datatech#sthash.Kd1ztXpp.dpuf


21 Oracle, for example, explains that it “powers the travel and transportation ecosystem” by serving “20 of the top 20 airlines, 17 of the top 20 hotels: 20 of the top 20 third party logistics providers and 8 of the top ten ports.” It also partners with companies such as databroker Epsilon in this area. See: https://oracleus.activeevents.com/2014/connect/sessionDetail.ww?SESSION_ID=8502&tclass=popup; http://www.vmob.co/resources/blog/vmob-creating-new-connections-with-responsys/

22 http://www.glamadapt.com/ourPartners.html


24 http://topliners.eloqua.com/docs/DOC-8328


26 For example, Acxiom “data products include a collection of high-quality compiled consumer data products that draws information from the single largest and most comprehensive data repository of U.S. Consumer data in the nation.” Alliant provides “one of the industry's largest sources of transactional data.” “Experian's syndicated, pre-built ConsumerView online audience segments span several categories including demographic, sociographic, lifestyle and message touch point segmentation, behavioral, cultural, mortgage, and property data. Independently ranked #1 in quality and coverage in comparison to other offline data compilers, ConsumerView provides the most accurate, comprehensive information on more than 299 million consumers and 116 million household.” “IXI enables consumer segmentation according to a wide array of financial metrics, including investment behaviors, spending levels, and other financial characteristics gathered from offline data sources. Verticals include Automotive loans, Mortgage segments, Travel, Telecom, and financial attributes such as discretionary spending.” “TransUnion combines data, advanced analytics, and industry-focused experience to help institutions make more informed decisions at every stage of the consumer lifecycle.” “Oracle Cloud: Oracle Data as a Service (DaaS) for Marketing.” Available online. See also: [http://topliners.eloqua.com/docs/DOC-8352](http://topliners.eloqua.com/docs/DOC-8352).


38 Such a practices raise important privacy issues, since unsuspecting consumers are targeted involuntarily. Datalogix says that clients who want to acquire new customers and who are ‘Looking to increase your brand’s market share? Tap into our exclusive $2 trillion database of consumer-spending behavior to build a new ‘spend-alike’ audience that mirrors the buying behaviors, demographics and financial attributes of your top customers.” http://www.datalogix.com/audiences/online/onramp/. The company also explains that “no one does predictive modeling better than DLX. We’ve built the most powerful, fastest-growing analytics engine and data platforms available. More than 10 billion SKU-level transactions fuel our algorithms, and our dedicated research-and-development teams evaluate ~8,000 variables with each custom model they construct.” http://bigshow15.nrf.com/product/dlx-custom

