

**VERIZON COMMENTS IN CONNECTION WITH
THE FEDERAL TRADE COMMISSION'S ROUNDTABLE SERIES:
EXPLORING PRIVACY
[Privacy Roundtables – Comment, Project No. P095416,
Roundtable 2 – January 28, 2010]**

Verizon¹ appreciates the opportunity to provide further comment in connection with the Federal Trade Commission's roundtable series "Exploring Privacy." As described in our earlier submission, protecting the privacy of customer information is an important priority at Verizon, and we remain committed to maintaining strong and meaningful privacy protections for consumers in this era of rapid technological change. In this submission, we focus on privacy implications brought about by the proliferation of wireless products, services, applications and technologies.

Wireless devices have become the world's most ubiquitous phones and computers as well as a third screen for video and multimedia. Three-quarters of the world's digital messages in January 2009 were sent over a mobile device, making wireless the glue that binds our texting and twittering society together. Moving forward, we expect that wireless innovations will embed mobile connections into the core of our lives, making wireless connectivity part of everything we touch.

Advances in wireless technology are bringing enormous consumer benefit, and hold boundless potential for the future. At the same time, these advances raise new challenges for consumers seeking safeguards and control over the information about them that is generated, collected and used as they take advantage of these new capabilities. As discussed below, in this new environment, consumers need to be increasingly aware of the information they are sharing via their wireless services usage, and to ensure that their privacy expectations are met by the providers with which they choose to engage.

I. CHALLENGES POSED BY INNOVATION IN THE MOBILE ENVIRONMENT FOR CONSUMER PRIVACY

A. Consumer demand for technological innovation in wireless has resulted in greater consumer choice and significant benefits to consumers, industry, and the economy.

When wireless phones first were introduced, they changed the way we look at communications. Instead of connecting places, as traditional phones do, mobile phones

¹ In addition to Verizon Wireless, the Verizon companies participating in this filing ("Verizon") are the regulated, wholly owned subsidiaries of Verizon Communications Inc. While preserving its rights under the common carrier exemption of the FTC Act, Verizon welcomes the FTC's initiative with regard to these privacy roundtables.

connected people. Today, 89 percent of the U.S. population has a mobile phone, up from 11 percent in 1995.²

The growth of wireless data traffic also is staggering. Since 2002, when Verizon began deploying its 2G network, data traffic on that network has increased 300 percent. When we introduced 3G in 2004, we increased wireless data speeds by a factor of 10 and saw data traffic multiply by a factor of more than 10. As we make the move to 4G, network speeds will increase eight- to ten-fold, which we believe will drive another exponential increase in data traffic.

The demand for technological innovation in wireless has triggered an explosion in the availability of wireless products and services. To meet this demand, the wireless industry is constantly introducing new technology to ensure that consumers can get what they want.³ Innovation upon innovation has translated into smaller, more powerful devices that not only allow consumers to make calls from virtually anywhere, but also provide computing functionalities, access to the Internet, and countless other benefits. For example, today's smartphones combine cellular telephone service, music, video, Internet, and other data functions in a single handheld device, such as Verizon's newly-released Motorola Droid or Apple's iPhone3G.

Not only has this demand dramatically expanded consumer choice, spurred fierce competition and generated billions of dollars in investment, but it has spawned entirely new industries in areas such as application development, whose products likewise have been enthusiastically welcomed by consumers.⁴ The benefit to consumers, the communications and related sectors, and the economy has been staggering.⁵ The widespread availability of wireless technologies will continue to help improve public safety, increase business productivity, save energy, and improve the quality and reduce the costs of health care, among other benefits.

² Wireless Quick Facts, CTIA – The Wireless Association, available at http://www.ctia.org/media/industry_info/index.cfm/AID/10323.

³ The wireless industry's commitment "to provide whatever consumers want next from wireless" is reflected in its ongoing "OK" multimedia awareness campaign (available at <http://www.ctia.org/media/ok-ad/>).

⁴ See, e.g., IDC Predictions 2010: Recovery and Transformation, Dec. 2009, IDC #220987, Vol. 1, available at <http://cdn.idc.com/research/predictions10/downloads/Top10Predictions.pdf> ("[2010] will be a watershed year in the ascension of mobile devices as strategic platforms for commercial and enterprise developers as over 1 billion access the Internet, iPhone apps triple, Android apps quintuple, and Apple's 'iPad' arrives.").

⁵ See, e.g., James K. Glassman, *Uncle Sam Should Leave Wireless Companies Alone*, Forbes Magazine, July 16, 2009, available at http://www.forbes.com/2009/07/16/wireless-telecom-government-opinions-contributors-james-glassman.html?feed=rss_opinions ("The telecom sector has driven down prices, provided consumers with products they love and increased overall economic activity, including employment.").

B. Technological innovation and greater consumer choice in wireless have important implications for consumer privacy.

As the wireless industry grows and new technologies, services and applications become available, the implications for consumer privacy also increase. When cell phones were used primarily for calls, privacy concerns focused on the user's call records and address contacts, data that could be retrieved only by accessing the phone or through fraudulent means such as pretexting. With advances in technology, privacy concerns have expanded to cover the data associated with the new capabilities available via the user's cell phone, such as text and e-mail messages, Web browsing data, and the data transmitted as users interact with the various services and applications they choose to employ.

Throughout this evolution, wireless carriers have been in the forefront of the development of new capabilities, and in this role have also taken responsibility for the privacy and security controls designed to protect these expanded data trails. Verizon has been aggressive in protecting consumer privacy.⁶ For example, Verizon implemented processes to help guard customer information from pretexters and vigorously pursues civil and criminal legal action against suspected pretexters. We opposed plans to create a national wireless directory, and we neither publish directories of our customers' wireless phone numbers nor make those numbers available for third-party directories unless customers request that we do so. We do not share information that personally identifies customers with third parties for their own marketing purposes without customers' consent, and our contracts prohibit third-party vendors doing specific work on Verizon's behalf from using customer information for any other purpose. We also have worked hard to educate consumers about privacy risks that may arise when using wireless services, and about how they may protect themselves from phishing, spam, pretexting, viruses, and other scams that might threaten their private information.

As detailed in our privacy policy, which is available online for consumers to read,⁷ we also offer consumers the ability to make their own decisions about their privacy when using our products and services. Customers have choices about the sharing and use of their information for marketing purposes, and consumers may opt out of receiving marketing solicitations from Verizon via calls, emails, postal mailings, text messages, or door-to-door contact. Those customers who subscribe to our VZ Navigator or Family Locator location-based services must decide whether specific location-tracking features available on their phones will be turned on when they use such services.⁸ They also can

⁶ We were gratified when independent privacy experts recently ranked Verizon the most trusted communications company for privacy. Ponemon Institute and TRUSTe Rank America's Most Trusted Companies in Privacy, Sept. 16, 2009, available at http://www.truste.com/about_TRUSTe/press-room/news_truste_2009_most_trusted_companies_for_privacy.html.

⁷ The privacy policy is available at <http://www22.verizon.com/privacy/>.

⁸ VZ Navigator is a mobile device application that allows subscriber to get turn-by-turn directions to a destination, search local places of interest, and search and get a map of a particular location. Family Locator, formerly known as Chaperone, helps subscribers securely determine and receive updates on the location of family members' cell phones via website or cell phone.

choose where and when to turn specific location-based services on and off. In addition, customers may choose from a variety of parental control tools to protect children's privacy by blocking unwanted calls and messages, creating trusted numbers, or avoiding objectionable content.

C. With technological innovation and greater consumer choice in wireless comes greater consumer responsibility.

With the explosion of mobile offerings obtainable from an ever-increasing number of industry players, however, it is incumbent on consumers to educate themselves about the privacy protections afforded them by the service providers they engage. Today, wireless platforms are open, and, as discussed above, consumers are driving the development of more applications. As the capabilities available to consumers have increased, so have the number and types of providers offering these capabilities. For example, there are tens of thousands of developers providing new mobile applications. When the carrier is not the provider, the carrier may have little or no control over these providers' practices, let alone have reason to know whether an application has been loaded onto the wireless device. Such providers may or may not be accustomed or predisposed to implementing privacy best practices, and their privacy controls may be different from those that customers have come to expect from their wireless carriers.

The implications for consumer privacy, and for online commerce generally, are important. Trust that their information will remain private is key to consumers' use of mobile products, services and networks, as well as to the larger Internet economy. If that trust is breached, the potential for misuse of consumer information and loss of consumer benefit is great.

Advances in wireless technology have allowed consumers to customize their cell phones and services by choosing from the vast and growing array of mobile products and services. With this increased choice, however, comes increased responsibility. As consumer choices in the mobile environment continue to multiply, consumers have a greater responsibility to understand whether and for what purposes their data is being collected, shared or used, and to demand this information from responsible providers. Increasingly, it will be incumbent on consumers to take responsibility for their privacy across the mobile environment.

II. CONCLUSION

Verizon welcomes the FTC's dialogue with respect to the interaction between consumer privacy and technological innovation, and is pleased to continue our participation in this roundtable series.