

Eight Privacy Firms to Watch

Jay Cline

April 27, 2007 ([Computerworld](#))

A handful of brave souls have bet the farm that North American companies have a lot of privacy work left to do and not enough staff to do it. So far, their hunches are paying off. But prospective entrepreneurs, take heed: The privacy market is still new and evolving, with little predictability.

Just seven years ago, there wasn't even a privacy market to speak of. The ink on most privacy laws wasn't dry yet, fewer than 50 people worldwide bore the title "chief privacy officer," and the [International Association of Privacy Professionals](#) didn't exist.

It was in this environment that [Larry Ponemon](#), founder of the privacy practice at [Pricewaterhouse Coopers](#), took a leap into the unknown. In 2001, Ponemon left PwC and started the [Ponemon Institute](#), best known for its annual surveys of privacy-professional salaries and most-trusted companies for privacy. Today, a [Google](#) search on "Ponemon" and "privacy" generates 84,000 hits. (Ponemon is also a columnist for *Computerworld.com*.)

"When we started the institute," Ponemon told me, "some of my PwC colleagues thought this wouldn't be very interesting or lucrative. But the past five years have been a whirlwind of opportunities."

"The long-term goal for our company is to advance responsible information management by demonstrating how good privacy practices build consumer trust and confidence," he added.

Ponemon runs the institute from a lakeside building in downtown Traverse City, Mich., where he and his staff also coordinate the Responsible Information Management Council. The council allows corporate chief privacy officers to collaborate on joint deliverables such as benchmarking tools and metrics for measuring privacy-program effectiveness.

What does Ponemon see ahead on corporate privacy agendas?

"Encryption, better integration with data management functions, and the use of social networking and location-tracking tools in the workplace," he said. "I also believe that the expansion of e-discovery will create enormous privacy risks for any company involved in tort litigation."

North of the border, Toronto native Terry McQuay also saw an opportunity developing in 2000 when Canada's federal government and many of its provinces started adopting comprehensive privacy legislation. Two years later, he started [Nymity Inc.](#), a provider of a Web-based privacy support program that includes a repository of privacy-risk reports. The program also includes tools to ensure that organizations don't over-comply with privacy laws and put unnecessary restriction on their business. Nymity has hundreds of Canadian clients.

"Most companies think we're in the consulting business, which we're not," McQuay told me. "So we usually spend a great deal of time explaining what Web-based privacy support is."

McQuay sees the Canadian privacy market continuing to invest in privacy management, including updating privacy notices, conducting privacy audits and delivering privacy training to employees.

As [Microsoft's](#) first CPO, Richard Purcell was a regular participant in various forums where the international privacy debate was unfolding. After several years of developing and promoting Microsoft's privacy program, Purcell struck out on his own. In 2003, he and his wife, Paula, relocated from Redmond, Wash., to a home overlooking Puget Sound and formed [Corporate Privacy Group](#).

CPG's central focus is on education and awareness for employees, but Purcell's clients have increasingly sought his advice in forming their privacy programs and business strategies.

"The original business plan doesn't look anything like today's reality," Purcell told me from a conference in Quebec, where he was working with

law enforcement and counterterrorism experts. "Privacy, security and compliance are becoming more closely related."

"Eventually, I see the privacy function merging with data security," Purcell added, "and evolving into a data-governance role under the CIO."

About the time Purcell was starting his venture, Alan Chapell was seeing a growing need for mobile and interactive-technology companies to demonstrate their commitment to doing the right thing with privacy. So, with a new law degree in hand, he left his job at a Manhattan marketing firm to start [Chapell & Associates LLC](#).

Chapell said it's easy to underestimate the amount of time involved in launching even a one-person firm.

"My business didn't start to take off," Chapell told me, "until I'd spent months reaching out to literally hundreds of others in the privacy, marketing and technology fields."

Chapell's marketing paid off: His firm has expanded from his home turf of interactive marketing into traditional industries, and he's hired three staffers.

When asked about emerging trends in privacy, Chapell had this to say: "I believe that the next few years will bring some form of comprehensive data-privacy legislation at the federal level. This will significantly change the privacy-consulting landscape as we know it."

Rebecca Herold had survived the dot-com bust at an IT consulting firm, only to see it fold a few years later. Some of her firm's former clients wanted her continued help, so she used the opportunity — and her eclectic background of teaching, auditing, information security and privacy — to start [Rebecca Herold LLC](#). Herold has gone on to land a diverse range of projects addressing all phases of a privacy and security program.

Her biggest surprise? "I'm still surprised that there's such a disconnect in many organizations between the privacy office, often within the legal area, and the information security function."

"I think over the next two years there'll be more activity in the market with awareness and training," she predicted, but she cautions organizations about relying too much on technology solutions. "There will always be the human factor that must be addressed," she said.

Michele DeMaree was the first privacy leader at Minneapolis-based retailer [Best Buy](#) when the entrepreneurial bug bit. A lawyer by trade, she left her post in 2005, moved back to her hometown of Colorado Springs and started [DeMaree Consulting Inc.](#)

"While we originally set out to cater to retail clients," she said, "we're finding others who're also interested in doing the right thing."

Her firm performs privacy assessments, writes policies and processes and trains employees. It also serves as a consumer-privacy ombudsman in federal bankruptcy cases to assist courts in understanding the ramifications of an asset sale containing valuable consumer information.

DeMaree sees "many more data security breaches" on the horizon generating support for a federal breach-notification law.

Later in 2005, Peggy Eisenhauer became the first privacy entrepreneur south of the Mason-Dixon Line. After starting the privacy practice at law firm [Hunton & Williams](#), Eisenhauer was itching for a new challenge. So she created [Privacy & Information Management Services](#), a boutique law firm focusing on privacy, security and records management.

"I started PIMS because I wanted more flexibility to serve my global privacy clients," she told me. "Being a small firm enables me to have relationships with many larger partners so that I can always have the expertise needed by my clients."

Although assisting firms with their response to security breaches has become a surprising share of her work, Eisenhauer sees more purely privacy work on the horizon. "Over the next two years, I expect to see continued developments in privacy laws, both in the U.S. and abroad," she said.

Last summer, Shai Samet became the latest privacy guru to throw his hat into the ring when he formed Los Angeles-based [Samet Privacy LLC](#). Samet was seeing a convergence of three trends — broadband Internet access, centralization of data processing and security-breach notification laws — creating a business opportunity.

"We've gotten off to a faster start than expected," said Samet, who's in hiring mode. "Companies have really taken an interest in working with smaller firms that they know and trust."

Like his peers, he helps companies develop all facets of a privacy program. His niche is a focus on Children's Online Privacy Protection Act (COPPA) compliance, the Southern California market and helping companies implement privacy-related technology products offered by others such as Truste. He's also added the related field of records management to his portfolio.

What are Samet's words of advice for new practitioners?

"Be patient," he told me. "There's a lot of privacy work out there, and sometimes, it just takes time before a company is ready to pull the trigger. Persistence and timing are key in the sales process."

And how can organizations best tap the value of this reserve pool of privacy talent?

Herold perhaps put it best: "Be completely open with them," she said. "They'll turn on a dime, faster and more affordable than any large organization, to learn your business and give you value."

"But let them know as soon as possible if the project may not continue," she added. "If they turn down other jobs to work for you, they'll take a big financial hit."

Privacy Entrepreneurs in North America

These privacy pioneers are taking a chance that corporate chief privacy officers will seek more bang for the buck working with smaller, more specialized firms.

Privacy firm	Location	Year founded	No. of employees	Geographic or functional focus
Ponemon Institute LLC	Upper Michigan	2001	7	Advancing responsible information management; privacy research and verification
Nymity Inc.	Toronto	2002	6 & hiring	Web-based privacy support
Corporate Privacy Group, a division of Three Forts LLC	Seattle area	2003	2	Employee awareness and training on privacy; strategic planning for privacy
Chapell & Associates LLC	New York	2003	4	Privacy program development, with a focus on interactive and technology organizations
Rebecca Herold LLC	Des Moines	2004	1	Privacy and security program development and troubleshooting; third-party assessment
DeMaree Consulting Inc	Colorado Springs	2005	2	Privacy program development, with a focus on the retail industry
Privacy and Information Management Services LLP	Atlanta	2005	2	All legal matters related to information management
Samet Privacy LLC	Los Angeles	2006	3 contractors & hiring	Privacy program development, with a focus on children's privacy and Southern California

Cline is a former chief privacy officer of a Fortune 500 company and now president of [Minnesota Privacy Consultants](#). You can reach him at cwprivacy@computerworld.com.