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Money (That's What Motown's Pensioners Want) // Tom Murray - Head of Product Strategy - Exaxe

The bankruptcy of Detroit is the biggest bankruptcy in the history of the United States and Rhodes' ruling will be studied across the world with interest by city administrations, and with fear by pensioners...

The Motown label's first hit was Barret Strong's "Money (That's What I Want)" and it went to number 23 in the US charts in 1960. 53 years later and the song will be echoing through the Detroit suburbs as a landmark ruling by Justice Rhodes in the Detroit municipal bankruptcy case means that pension payments to retired city employees could be reduced.

The bankruptcy of Detroit is the biggest bankruptcy in the history of the United States and Rhodes' ruling will be studied across the world with interest by city administrations, and with fear by pensioners, as it sets out for the first time that pension benefits are contracts like any other and can be impaired during bankruptcy proceedings. Detroit has sought bankruptcy, as its debt situation is so severe that the state appointed emergency manager, Kevyn Orr, believes that it is the only path back to financial stability.

Other cities and even governments will be tempted by this approach as mounting public debt make the liabilities to pensioners, taken on during the good times, much harder to meet. The pensions of former government employees have always been seen as sacrosanct but the level of Detroit's debts has led to the judge's ruling that pensioners cannot be exempt from taking some of the hit for the financial mismanagement of the city.

While this is probably a matter of relief for the hard-pressed taxpayers of Detroit, it's the precedent that will cause global shockwaves in the pension world. Up to now, the debate about public pensions has been completely focused on the dangers to fiscal solvency in many countries caused by the ageing population and the fewer numbers of workers that will be paying taxes in order to support payments of state pensions to retirees by the mid-21st century. Most of the solutions have been focused on lifting retirement ages in order to reduce future liabilities.

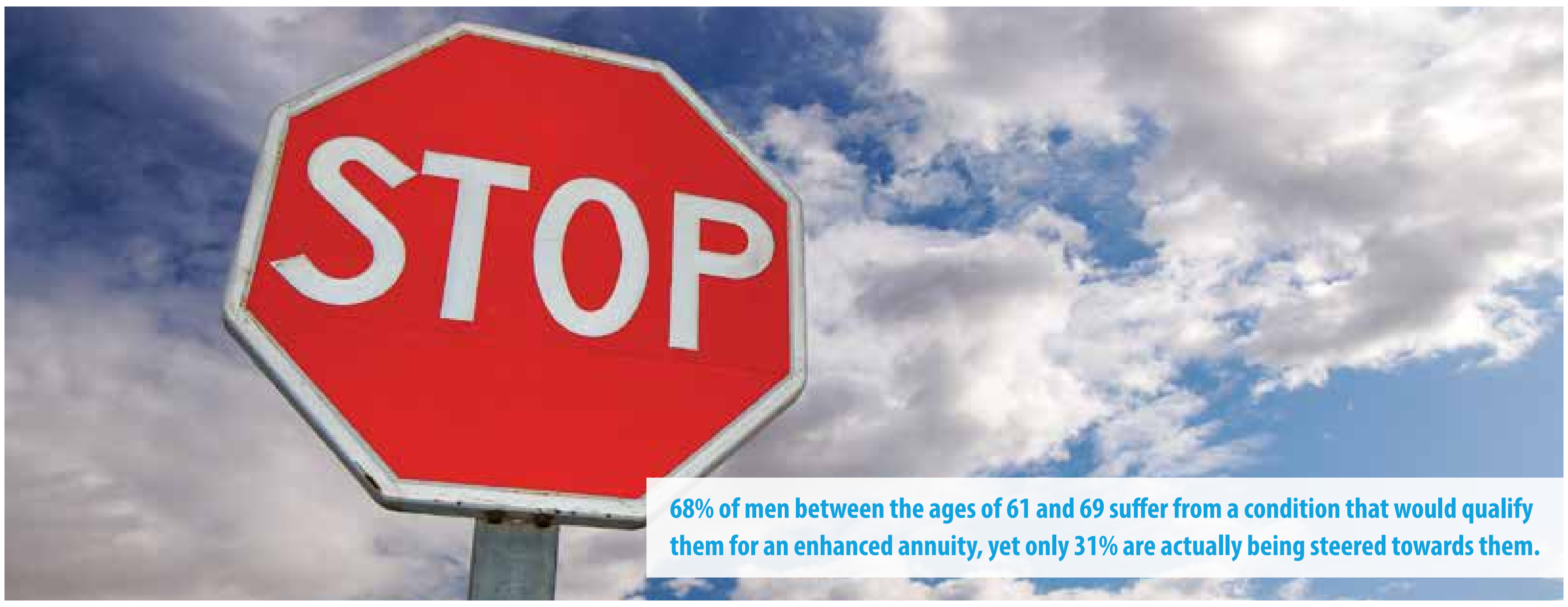
This argument has taken place while everybody studiously ignored the elephant in the room – which was the public sector defined benefit pension bill that is being carried by every government in the western world: federal, national, state and municipal. While giant profit-making multi-nationals are closing down their defined benefit pension schemes through fear of the liabilities it puts on the balance sheet, governments blithely go on racking up liabilities for future taxpayers without breaking into a sweat, presumably on the basis that they'll never have to face those taxpayers when the check finally comes in.

Detroit is one of the first to have to face that reality and suddenly it appears that pensioners are vulnerable. While it's not certain that pensions will actually be cut the possibility is out there. Other administrations will be following this closely as the chickens of previous administration / union deals come home to roost. This might be the spur that finally goads administrations worldwide to take on the public sector unions and come to a more sensible arrangement for public sector pensions.

"Ain't no mountain high enough" sang Marvin Gaye but for the pensioners of Motown, the mountain of debt currently held by the city administration looks like it will making surviving in retirement an uphill task.

Time to stop the blame game on annuity sales // Stewart Reeder - Client Director - Exaxe

Too many people buy standard annuities. Figures published in the Sunday Telegraph this weekend show that the number of people who retire and could be suitable for an enhanced annuity is substantially higher than those who actually do purchase one. According to the Sunday Telegraph, 68% of men between the ages of 61 and 69 suffer from a condition that would qualify them for this type of annuity, yet only 31% are actually being steered towards them. As a result, many of the 360,000 people who buy an annuity each year are landed with a really bad deal.



68% of men between the ages of 61 and 69 suffer from a condition that would qualify them for an enhanced annuity, yet only 31% are actually being steered towards them.

This is one of the pernicious effects of the Retail Distribution Review (RDR). At the same time as the Association of British Insurers (ABI), under pressure from the pension's minister, is pushing a new code of conduct designed to make insurers inform annuity customers of the better deals available via enhanced annuities, the RDR's push away from commission is driving people with smaller pension funds away from the financial advice sector, leaving them to make the decision themselves.

Of course logically they are paying the same amount for the advice by fee that they used to pay by commission, except for the very small pension pots where the fees may be more expensive than the previous commission percentage. Indeed those with larger pots may well be paying less under the fee system but that ignores the way people think about these things, which isn't necessarily in a logical manner. Being asked upfront for the cash to pay for the advice was supposed to make people shop around and get cheaper advice. Instead, for many, it makes it clear that it is possible to save all the money by not taking any professional advice at all. However, this can be a very poor bargain if the choice made is incorrect.

Most choices we make during our lifetime are not irrevocable. After all, educational choices, career choices and even marriage choices can and are frequently altered these days. Buying an annuity is the one of the few choices that can't be amended at a later stage. Once you've committed to the decision, you're stuck with it. This makes it one of the times that a person really needs to take advice from an expert.

So on one side, the public is being protected by the ABI's code of conduct which encourages them to make a whole of market decision by shopping around for the best annuity and on the other, they are being put off taking the expert advice they need by the upfront charges that RDR forces IFA's to communicate as part of their sales process.

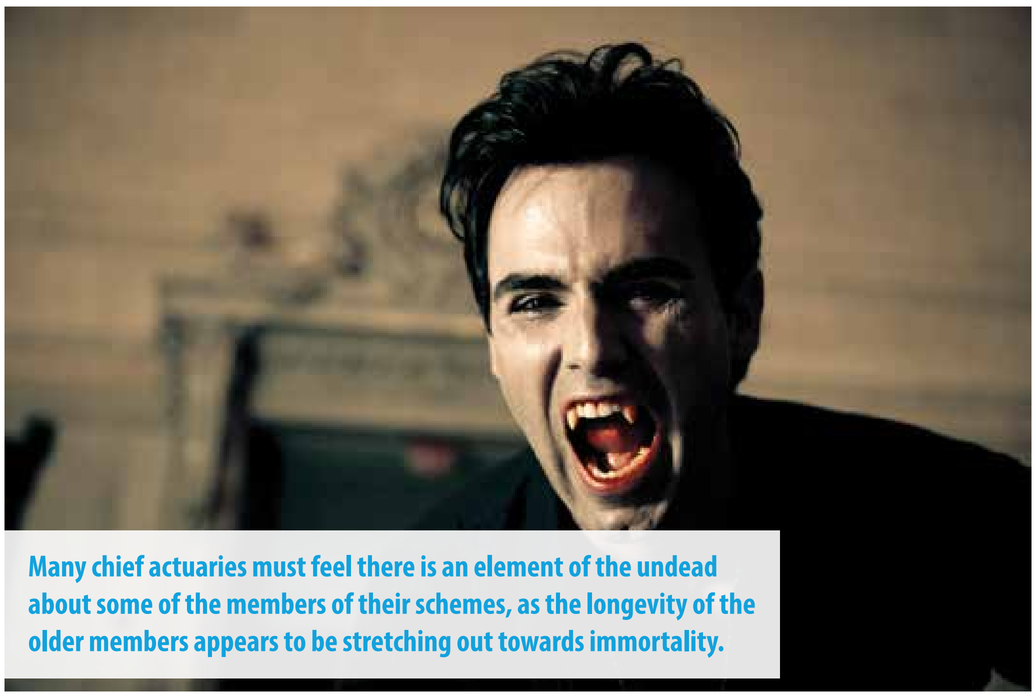
It's difficult to argue with either the code of conduct or the RDR. Both are focused on ensuring that new retirees get the best value for their lifetime savings and individually both should be welcomed. It's just that because of the illogical behaviour of people, these initiatives frequently work against each other. It is difficult to see how we can preserve the best features of both whilst ensuring that they cease to contradict each other.

There needs to be some focus on this issue in the Department of Work and Pensions. It's no use just complaining about the lack of intelligent annuity purchasing, and blaming the annuity providers for it, when one of their own rules is driving would-be annuitants away from getting advice at the very moment they need it most.

Otherwise, we will end up with the government being morally responsible for pushing new retirees into a position where they are deliberately taking uninformed decisions that they can't undo and leaving them to live with the consequences of their decision for the rest of their lives.

Dracula gets the bite on big data // Tom Murray - Head of Product Strategy - Exaxe

ACTUARIAL POST



Many chief actuaries must feel there is an element of the undead about some of the members of their schemes, as the longevity of the older members appears to be stretching out towards immortality.

This article was originally commissioned for the Actuarial Post.

The re-emergence of a new series based on Dracula on our screens gives pause for thought. Inevitably, the vampire is portrayed as possessing a large amount of wealth, enabling him to live an extremely upper class lifestyle. This is quite impressive, as here we have an example of someone, who's ability to provide for his future income needs, appears to be spectacularly successful; managing the longevity risk for your savings must be spectacularly difficult when you may have many centuries to provide for before someone finally gets to stake you through the heart.

There must be many chief actuaries out there who must feel there is an element of the undead about some of the members of their schemes, as the longevity of the older members appears to be stretching out towards immortality.

What's needed to keep their schemes in the black, of course, is better information about the likely longevity trends into the future. The actuaries of earlier years got this wrong by quite a significant amount, which is why so many defined benefit schemes are underfunded. However, there will be little excuse for today's actuaries if they get it wrong as there is a huge surfeit of information available today that wasn't available to those in years gone by.

The information now is even better than it was before. Responses to surveys, even anonymous ones, tend to be skewed somewhat by the fact that people in formal situations like to present a slightly better version of themselves than the reality. So responses to questions designed to work out the scale of unhealthy lifestyles and risky practices are likely to get conservative responses from the majority of the respondents.

The good news for those trying to estimate longevity or health risks today is that huge amounts of people are putting their lifestyle information, and the choices they are making, online making it possible to trawl the data to get accurate information on lifestyles. So much information is available that segmentation into well-defined groups is likely to be far easier than before. Without realising it, people are putting all the unadulterated information online that would be required in order to establish trends among the population.

The difficulty now is the sheer volume of information that is available. How to recover this information from the mass of social media sites, loyalty card sites and the online retail sites is a major conundrum. When you consider the amount of relevant information also being posted on news and hobby sites where people are quick to give their opinions and recount personal experiences, the phrase 'big data' seems to be a massive understatement.

Yet within this mass of data lies the key to establishing the habits and proclivities of the current and future generations and this information lies at the heart of any attempt to establish the longevity patterns that will be crucial to the production of financial products that will enable these generations to prepare adequately for their future needs. The bonus for companies in the life and pension sector is that the government will need to get involved too. The same information will be crucial in establishing future patterns of living that are vital for long-term public strategy decisions. As a result, governments are leaders in trying to find ways to make sense of this mass of data.

Technology is making this information available and it requires technology solutions in order to get the required information back in a useful format. This will be the primary challenge for those trying to forecast future longevity, health and other trends that are central to planning for the future, and planning for the future is what the life and pensions industry is all about.

The information gathered about peoples' habits is also central to some more of the risks involved, including investment risk, as the likely success stories for investment will be those areas that attract the consumer's interest, which is best identified from the postings of consumers themselves.

Extracting information from large databases is one thing and it is already happening, at least in the area of national security. Whatever about the ethics of some of the data trawling carried out by the CIA, and while its usefulness is a matter that only future historians can judge, what is certain is that where the government goes big business is sure to follow. The key lies in the quality of the algorithms that will be used to extract the patterns from the data and this is a relatively new science – but one that is growing in knowledge and experience quite rapidly.

The most important new skill that life and pension companies will have to acquire is the ability to assess this data and produce the information that is needed to drive the product innovation that will surely be required for future generations.

It's unlikely we can succeed as well as Bram Stoker's original creation. The latest series posits a Dracula who is a wealthy US businessman and shows all the signs of having intelligently invested his fortune over the centuries in order to have the power and trappings that come with wealth. Actuaries struggling to meet the liabilities of their schemes can be forgiven for wishing that some of their own members with extraordinary long lives might be as susceptible to the daylight as the vampire.

Without the ability to drive a stake through their hearts, the actuary's best bet is to focus on extracting from the mass of information the key clues that will enable them to correctly estimate longevity in the future. This information will be far more effective at warding off disaster than any amount of garlic or holy water.

Equity release must be part of retirement solution // Kathryn Desmond - Business Development Manager - Exaxe

Looking out of the window of my hotel bedroom in London on a recent trip, it was impossible to ignore the signs of a booming property market; the numerous cranes were clustered together like groups of midwives around a maternity bed, bringing forth new buildings under the watchful eyes of the skyscrapers that currently dominate the skyline: The Gherkin, The Shard, The Cheesegrater and the Heron Tower to name but a few.

It occurred to me that the boom in the property markets, domestic as well as commercial, means that even more wealth is being tied up in property in the UK. This is true of personal wealth as well as corporate wealth and it seems impossible for us to address the problems of low levels of saving for retirement without reference to the huge amount of money that is being tied up in property assets.

The majority of the public have insufficient investments to provide for their retirement years and that's just in terms of day-to-day spending. With increasing longevity, it is inevitable that the amount required in order to provide care for those elderly who become too ill or infirm to look after themselves is going to increase dramatically and that hardly anyone has set aside the funds to provide for this care.

However, an awful lot of the wealth accumulated by people over the last 40 years is tied up in bricks and mortar. For many people, it is their only significant asset as they move into retirement. Why should this asset be separated out from the rest? Surely it should be recycled into the system by making this wealth a part of the solution rather than somehow seeing it as a specialised form of asset that remains inviolate from the rest?

Equity release products, particularly those that guarantee the ability to remain within the home for the rest of your lifetime have a big part to play in providing for pensioners in their old age. The home should be seen as just like any other asset, something that has been accumulated during the working lifetime and can now be drawn upon during the non-working retirement years. That way the money is no longer just tied up in property but can be seen as a long-term sensible investment of today's wages, essentially deferring the income to be drawn down in later years.

Equity release products have strong guarantees that ensure people retain their home for the duration of their lifetimes and that the total owed can never exceed the value of the home when it is sold. Yet people still shy away from these products, with only 19 thousand products sold last year.

The industry and government need to start looking at ways to increase confidence in this market. Otherwise, we're just locking more and more of the UK's wealth out of the retirement market, making it ever more difficult to come up with solid solutions to fund this very expensive time.

Wealth accumulated by people over the last 40 years is tied up in bricks and mortar.

Back to basics – Lloyd George's legacy // Tom Murray - Head of Product Strategy - Exaxe

Investment Life & Pensions Moneyfacts

This article was originally commissioned and published for *Investment Life & Pensions Moneyfacts*.

Tom Murray, Head of Product Strategy at Exaxe, explores Lloyd George's state pension legacy and assesses whether its promise has been fulfilled or whether further reform is needed.

Lloyd George's legacy – Has its promise been fulfilled?

One hundred and five years ago, Henry Asquith stood up in the House of Commons to introduce his second budget. Under pressure from the rise of the labour party and the reformist wing of the Liberal party, he announced the introduction of a non-contributory pension for the first time in the history of the UK.

This marked a major transition from the treatment of poverty as a crime in the Elizabethan era to its treatment as a moral degeneracy in the Victorian era, best treated in workhouses. With the dawn of the twentieth century, the main parties were reaching a position where they believed that poverty should not be stigmatised and that it was necessary for the state to intervene to reduce it among those who were too old to earn their own way out of it.

Due to the intervening assumption of the prime ministership by Asquith, it fell to David Lloyd George as the new Chancellor of the Exchequer to introduce the Pensions Act 1908 and thus to become synonymous with the old age pension, for a few decades afterwards, people referred to retiring as "going on the Lloyd George".

Given that the state pension was introduced over 100 years ago, it is pertinent to reassess its effectiveness in achieving its basic aims and whether the approach that grew from it managed to bear fruit and bring us to the nirvana of ensuring that all citizens of the state are in a position to enjoy a comfortable retirement after a lifetime's work.

Why pensions?

The aim of the introduction of the state pension was simple, to alleviate the poverty of the elderly who could no longer earn enough to live on sufficiently and who had earned too little during their working lives to save for their old age. How to achieve this was much argued over by politicians and social reformers from the 1870s onwards as they sought to reconcile the existence of so much elderly poverty with the fact that the United Kingdom was then the richest country on the planet.

It was the subject of a number of reform initiatives by individuals such as Charles Booth and Joseph Chamberlain, as well as the Trade Unions and the growing Labour Party, and their efforts to stimulate public debate resulted in a large amount of pressure on the Liberal Party in the 1906 election, prompting them to move to resolve the issue during the lifetime of their government.

Lloyd George's speech introducing the Old Age Pensions Act of 1908 was described as 'apologetic' by The Times of London the next day, as though he was personally embarrassed at how limited the actual measure was. The reason for the limited approach, which restricted the amounts to be given to a maximum of 5 shillings per week, the qualification age of 70 years, the residency test of 20 years, the British citizenship test and the test of good character, was that while there were large sections of society who agreed that something needed to be done, there was a lot of fear about the long term effect of introducing taxpayer funded pensions.

Firstly there was a fear that the system would become too expensive to support. Those who believed this supported an insurance system to fund pensions, which while costly in the short run would ultimately be self-financing. However this ignored the fact that not all people who would need the pension were in a position to contribute to it. The position of women, in particular, was difficult. Many of them had not worked in paid employment during their life or had been in low-paid casual work and therefore their needs could not easily be accommodated within an insurance system.

However the idea of a non-contributory solution was also a polarising notion. Those who supported it believed that it was a fair reward for a lifetime of work while those opposed believed that government funded pensions would encourage dependency and discourage self-help. Lord Roseberry believed that the notion of non-contributory pensions was the "final passing of family pride in caring for the elderly … part of the almost daily transfer of burdens from the individual to the state".

The fear that any involvement by the state would mean complete abandonment of personal and family responsibility was the reason for a lot of the opposition from conservatives in the Commons and in the Lords.

There was also a reluctance to see the taxes of the "honest worker" be used to support the dissolute drunkard who had refused opportunities to earn during his working years. This lay behind the desire to ensure that there was a test of good character included as part of the state pension qualifying criteria – a test which was in practical terms unworkable and seems to have been rarely applied and left to wither away.

Another fear was that the pension would not achieve its aim because of the stigma that was previously attached to assistance via the Poor Law scheme and that this stigma would deter the "deserving poor" while leaving the "undeserving poor" to get all the benefit.

Despite all these reservations, the bill was passed and thus the first payment to UK citizens as of a right began in 1909 and marked the beginning of the pensions system.

Further developments

From the mid-twenties onwards, the system was bolstered by a contributory pension scheme which came into effect when any worker reached the age of sixty-five. This was paid for out of the compulsory contributions to the national insurance fund established by Lloyd George in 1911. Those who had not contributed sufficiently to qualify for a contributory pension could still claim the non-contributory pension from the age of 70.

Alongside these, numerous pension reforms were introduced across the twentieth century to encourage private provision to top up the basic state pension by giving tax relief, to introduce earnings-related elements to the state pension and to encourage employers to provide group schemes that would efficiently serve large numbers of workers in their employment. How have we measured up?

Self-reliance

Of all the issues that concerned those setting up the pension scheme, the concern over a sinking into a state of dependency by the general population was the gravest concern. In the event, when one sees the situation today, that over 50% of the population do not save for their pension shows that the people have come to expect the state to provide all of their income in their old age and no longer consider their position in their old age. This situation became so bad that the government felt the need to intervene and create the auto-enrolment system in order to push people into saving for their retirements. In fairness, it looks like the fears of the original opponents of the system were well founded and the intervention of the state, combined with the electoral strength of the grey vote to prevent change, has ensured that the state is currently being held hostage by the elderly to their old age.

Women

The difficulty of pensions for women has still not been currently abated. While far more women are in paid employment than at the beginning of the 19th century, women are still paid less than men and are more likely to have interrupted careers due to caring needs for children or the elderly. As a result both state contributory pensions and private pension savings are interrupted and therefore there is a major difficulty in amassing a suitable lump sum in order to provide a decent income in retirement.

Stigmatising of poor

Stigmatising is the only area that has been a complete success. There is no longer a trace of shame in accepting a non-contributory pension from the government and it is never heard that people will not sign up for it.

However, this has also contributed to the problem of so few people regarding retirement as a problem that they should consider themselves. Nobody wants to die but at the same time nobody seems to consider that they will live long into retirement, that they will need a lot of money in order to live through it and that therefore they should make sufficient provision for that scenario.

Conclusion

From the beginning the primary problem with state provision of pensions has been how to prevent dependency among the population. The elements included in the 1908 Pension's Act was designed to make sure that this would not happen but gradually across the years a sense of entitlement came in and the general mood among the population became that retirement was somebody else's problem and not a problem for themselves. Thus while there was good saving among the wealthy and the middle classes, there is a very low level of saving for the future.

The consumer society has also played a big part in making this happen. People are encouraged to spend today by both industry and the government in order to grow the economy and this precludes saving for tomorrow.

However, one other factor that also comes across is the fact that the pension system is a victim of its own success. Victorian and Edwardian people saved because they saw what happened to those who didn't. Nowadays, people are less aware of other people in poverty and due to the general breakdown of communities, there is far less likelihood of them being aware of other people's personal conditions and what they are going through. Thus the incentive to save is diminished.

Should it be seen as a success? Yes it should in that it met its primary aim of lifting people out of extreme poverty in their old age. However, it has also transferred a huge burden to the state which didn't exist before and created a dependency culture for pensions which has obviated against a more self-reliant approach. This was fine as the population was increasing and the ratio of workers to retirees remained high. However, rapidly increasing longevity means that this ratio is going to collapse over the next few decades meaning that supporting the elderly is going to swallow an increasing amount of the national budget until it reaches the point of unsustainability.

Given that the system has 'growed like Topsy', it falls to the current government cycle to get this under control and the only two approaches are to either reduce expenditure by pushing people back towards poverty or to keep them out of it by making them save a greater proportion of the cost themselves.

The one thing that makes this difficult is that old people vote in disproportionate numbers towards the rest of the population making it extremely difficult politically for any government to start to rein in the ever-increasing budget for the elderly.

The pensions system has now become a major source of national expenditure. If we are to keep to the worthy aims of the original sponsors of the 1908 Pensions Act, we need to go back to basics. We need to reform the pensions system to reduce the dependency level, accommodate women's work life better, and keep the costs down at a sustainable level.

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Pension kite flying is not constructive // Kathryn Desmond

Minister Steve Webb has obviously had a lot of time to think over the Christmas and with great enthusiasm he announced his latest brainwave in an interview with the Sunday Telegraph on the 5th January. Why, opined the minister, can't people switch their annuities just like they switch their mortgages in order to get a better deal over time? The comparison sound reasonable enough on a theoretical level but turns out to be quite ludicrous when one comes to consider how it would work in practice.

In the first place, people understand mortgages. That doesn't prevent them being ripped off occasionally but basically the majority of the people do understand what they are buying when they take out a mortgage. This situation contrasts significantly with the position on annuities, which most people only buy once in their lifetime and are not aware of the details of the product.

Secondly in the case of mortgages, people feel in control as they have the lump sum and are making the payments, which is the exact opposite of an annuity; in an annuity, control has gone over to the financial services provider who has the lump sum and is making the payments.

Finally, what about advice? Will any IFA risk advising a pensioner in his or her seventies to switch annuity? How much extra would they have to get from a new annuity in order to cover the cost of the advice and still come out ahead? One would imagine that a significant increase would be required for this to happen. Even then, the IFA would run the risk of being accused of ripping off the pensioner if they died before they had broken even on the change of annuity. The seeds of a future 'mis-selling' scandal seem to be buried in the detail of this proposal. Of course, they could do an execution only switch, but this would lead to commission being paid to the business carrying out the switch, which would also have the papers in full cry. And it is already acknowledged that new retirees are vulnerable at annuity purchase time, given their poor knowledge of the product. How much worse would the situation be when they become older and have more health issues?

The whole annuity market is in urgent need of reform, but the minister needs to be more aware of his position and stop kite flying in the national newspapers. Annuity reform is a complex area that requires considered discussion in an informed arena, not a headline grabbing sound bite in the media, which only serves to worry the public even more about annuities. The minister would be well advised to have more research done before confusing an already turbulent pension's landscape with new ideas that haven't been fully formed yet.

Photo credit: David Spender.

Does Twitter have any value for life and pension companies? // Tom Murray - Head of Product Strategy - Exaxe

The proposed valuation of Twitter at US$1 billion shows that the 140 character message is a big value proposition. With more than 215 million active tweeters, there is no doubt that Twitter is a big phenomenon and, while its reach is less than Facebook, it still has a substantial number of potential consumers to tempt any business.

The question for life and pension companies is whether Twitter is a useful tool for their business or whether it is an over-hyped phenomenon that would suck in a large investment of time and money but ultimately deliver a paltry return.

The difficulty with new technologies is that their supporters within businesses generally promote them with the level of fervour of a religious convert. The organisation divides into a small group of true believers and a much larger group of doubting Thomas's who feel they've heard all these promises before and nothing much happens.

Yet, technology does sometimes cause complete upheavals in the way people live and work. The Internet itself is a classic example of that. I've been with the same company for 14 years and when a younger colleague recently asked me did I know of a good employment website for her sister, I had to confess that not only did I not know of one but that the last time I applied for a job, there were no Internet job websites. The resulting stares of disbelief from younger colleagues showed that they had grown up in a work environment where the Internet was a fixed certainty and I was a dinosaur.

The questions are whether the use of Twitter by life and pension companies is faddish or whether it can truly deliver a game-changing approach to some or all of our current processes?

In the first place, it is clear that monitoring of Twitter is important from a brand management perspective. The speed at which negative comments about your brand can be circulated to a huge audience means that it is not feasible for any company to ignore its effect. So undoubtedly there is a use for Twitter within marketing / customer services to try to identify issues raised by clients or prospects and rectify them, if possible.

The problem is that Twitter has such limitations on its ability to deal with complex issues. The 140 character limit means that complex discussions remain impossible to manage directly via its functionality. The better approach is to use Twitter to engage with individuals and then to bring them to some other medium for problem resolution. If this strategy is adopted, it is important to conclude it on Twitter so that the audience can see the response and success of the approach.

The lack of privacy on Twitter means that it is probably not the best means of delivering individual customer service. The nature of financial products means that the information is highly personal to the individual and companies would quickly fall foul of the law if they begin to use it for day-to-day servicing of clients. Consequently, the broadcast nature of the medium just doesn't lend itself to anything other than general messages and introductory interactions

Twitter has now created promoted tweets to allow marketing and sales initiation via the site. This initially proved popular with businesses and the amount of advertising on twitter is growing. However, it is early days to see whether this will be anything other than a single strand in a broader communication plan for life and pension companies, given the complexity of their message and the level of regulation that controls it.

Resistance to advertising via social networking sites is quite strong and if people's timelines start to fill up with advertising and public relations material, there could well be some resistance from the Twitterati, including a shift to other social media if it becomes too much of a problem.

One of the key things about Twitter these days is how often it is being used by more traditional media. It's fair to say that Twitter is now the number one source of breaking news and stories that emerge on it are quickly followed up by the online, print and broadcast media. The result is that Twitter is an excellent way of engaging with media and it should be a core part of any public relations team's strategy.

As a result, while Twitter is key for public relations and complaint monitoring, and will remain useful in terms of marketing and sales initiation, but it is unlikely to become a medium that has value for the day-to-day work of customer servicing within the financial sector. But even in the areas where it is useful, the value may not be quite as high as general chatter would currently have you believe.

In conclusion, Twitter is a powerful tool but, outside of media-relations and complaint handling, it may not have the power to transform the industry in the way it is currently being stated. The limitations in terms of privacy and inability to deal with complexity means that it is useful for brand management, PR and some controlled marketing but it is unlikely to feature in the day-to-day workload of the majority of the organisation.