



Supporting COPPA & Protecting Children's Privacy

Summary

Today, there are about 30 million children under the age of 13 in the U.S., 10 percent of our population. To this generation, the use of personal technology such as smartphones, tablets, computers and gaming devices to access social media, apps, games, shopping, current events, and entertainment is an innate and powerful – almost reflexive – part of life.

Online services, apps, programs and games have become an essential part of their education, entertainment and engagement in society. In schools, apps are replacing text books. The internet long ago replaced the encyclopedia. Online shopping is preferred to the mall. Video streaming is overtaking TV and movie theatres. Gaming is a larger industry than motion pictures.

In other words, the opportunity for providers is expanding but competitive, and changing rapidly.

At the same time, these children are among the most vulnerable in terms of online privacy. They are becoming immersed in technology, but are not equipped to understand threats ranging from personal safety and abuse, to ID theft, and computer security.

For those reasons, governments have enacted several statutory requirements to protect children's online privacy. Collectively they impose strict guidelines on engagement with youth, parental consent, the collection and use of personal information.

Many providers serving this market struggle to meet these requirements, which may leave them and their customers at risk. Other providers simply view the market as too hard to attempt, or use practices such as age gates which are not effective and may not mitigate legal risk.

ISAFE offers a suite of technology services and solutions which enable identity management, and age-appropriate e-Safety instructional programming, which meet and exceed regulatory requirements. Our products and services:

1. Enable providers to open new markets, distinguish themselves from competitors, and position themselves as thought leaders in serving the youth and education markets.
2. Solve real customer problems while removing barriers to sale and, potentially, freeing budget that can be used to buy their product.
3. Provide resellers with a true value add that positions them as a strategic advisor to their customer, and not just another vendor.

Numbers at a Glance

81

% of students with access to technology in the classroom.

10

% of ID Theft Victims who are Children.

56

% of children 8-12 yrs who have a cell phone.

5.7

Number of internet enabled devices in the average household

Market & Education Trend

The youth market is large, increasingly savvy, influential, hard to get to and harder to keep.

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Technology is the means by which many young people engage the world around them, and connectivity is essential for social, commercial and educational functionality.

Schools now use web-based programs and applications to help students meet achievement standards, adapt to learning styles and augment teacher instruction. Technology is integrated into all types of homework, and at test time kids increasingly sign-in to an app rather than sharpen a No. 2 pencil. In fact, there are in excess of 80,000 online programs defined as “educational,” although there is not a specific criteria they must meet for that designation.

Beyond the classroom online options are exploding. This creates an amazing opportunity, for providers and kids alike, but also creates a daunting task for maintaining children’s privacy. Every month more than 20,000 new apps are introduced into the market, and every day sees another 750 or more online games available. While the main focus here is privacy, once children are users of these apps, they may also be exposed to the 4,900 malware strains discovered every day.

Businesses are realizing the increased influence that youth have over purchasing decisions and the need to provide amenities, such as internet connectivity, as a basic service craved by adults and kids alike. Cafés, restaurants, public transportation, sports stadiums all offer Internet access. Many of these entities invest deeply in creating apps to add new facets to their customer’s experience, develop loyalty, and incent them to keep coming back. When 85% of parents give their kids a say in vacation plans, and 34% give them final say, the WiFi-free resort probably won’t get the nod.

Numbers at a Glance

93

% of educators who value technology as a motivating tool.

40

% of five year olds with a smartphone, iPad or tablet.

22

% of apps for children that link to social media accounts.

52

% of parents who thinks schools should use mobile devices more.

35:1

Ratio of kids:adults having their identity stolen.

84

% of apps that allow uses to spend additional money.

Impact of Child Privacy Regulations on Providers

It is increasingly common for online services, apps, games and programs to require some personally identifiable information, upfront purchase, or the opportunity to purchase inline to enhance the experience.

In these instances, where that user is under 13 years of age, the provider or the school must comply with a number of child privacy laws including COPPA, FERPA, CIPA and PPRA. This has different implications for educational organizations and commercial providers.

Educational Providers

- ▶ The primary use of personal data, in educational programs, is to monitor individual student progress to meet educational standards.
- ▶ Secondly, schools depend on the E-Rate program to fund broadband capability required by online programs. The program includes unfunded educational and policy mandates.
- ▶ Schools have an exemption to COPPA for purely educational programs, but there is no standard definition and additional risk when vendors also supply non-educational programs.
- ▶ Educators must resolve notification & parental consent conflicts between COPPA, FERPA, PPRA from use of commercial products.

58

% of apps for children that include ads.

59

% of apps for children that collect personal information.

Commercial Providers

- ▶ The primary use of personal data, in purely commercial programs, is to customize the user's experience for improved customer satisfaction, and to increase their spending.
- ▶ In addition, commercial companies may use apps, gamification and social media as part of marketing campaigns, including the incentive for users to share their personal information. Even where they don't intend to attract children under 13, marketers may be doing just that.
- ▶ Lastly, some commercial providers, i.e. hotels, restaurants and stadiums may offer free access to the Internet. While not providing additional services or apps, this access alone creates legal risk even when it is delivered through a 3rd party.
- ▶ With young consumers, any collection and use of a child's personal information must meet COPPA requirements, including verified parental consent. That can be complex for most organizations to attain, and may dissuade them from engaging in the market.

Hybrids: Providers of both Educational & Commercial Services

- ▶ Hybrids must navigate the most ambiguous circumstances. If they use FERPA protected data under COPPA exemptions, they can not use that information to market or sell commercial products.
- ▶ The reality of course is that educational products for which they receive the COPPA exemption may be one click away from commercial products. There is no legitimate wall and it is simply not reasonable to expect a child to stay within the educational environment.
- ▶ In these cases the provider will want to both mitigate the risk of potential FERPA and COPPA violations, by directly attaining parental consent.

The Business Opportunity of **Protecting Children's Privacy**

The youth market is a significant opportunity for both educational and commercial providers of online services, apps, programs and games. However, child privacy laws place a significant, and important, layer of security over their personal information.

For commercial and educational organizations who embrace the opportunity, and are direct in managing the legal accountabilities, there are significant benefits.

1. Openly and assertively embracing the importance of child online privacy as an asset, rather than an obligation, is a competitive differentiator increasing customer affinity for the organization and product.
2. By addressing statutory requirements, and adopting systems which enable scaled execution, businesses increase their opportunity for market expansion and revenue, responsibly.
3. By assertively addressing child privacy within delivery of their services, companies and providers may support their own public affairs agenda or create new means for demonstrating thought leadership.

The question is: how?

Solutions for **Protecting Children's Privacy**

ISAFE helps providers of online sites, services, apps and games serving the youth market to comply with statutory child privacy requirements. From a provider's point of view, these services create benefits which break down barriers to increased sales and customer satisfaction.

Education:

The reality is that schools often struggle to keep current with statutory requirements. ISAFE helps providers to position themselves as strategic advisors, not just vendors, to their education customers:

- ▶ **Solve customer's funding problem:** Online services require high-capacity telecommunications. ISAFE programs help schools meet E-Rate program requirements, to fund that connectivity.
- ▶ **Create a budget for your products:** ISAFE programs help schools perform mandated tasks inexpensively, which frees budget to purchase a provider's products.
- ▶ **Remove the strain of redundant tasks:** Educators depend on commercial providers for programs which improve educational outcomes. Communication specifically gaining verified parental consent is an arduous and risk filled task. ISAFE products and services remove that strain.

Commercial:

The reality for providers is that they have used age gates, which are hardly impenetrable, to ward off or cut off any communication with children under 13. This still leaves them at risk, while under serving their customers. ISAFE services can give them confidence to engage this market:

- ▶ **Streamline and validate verified parental consent, at scale.** Parental consent is imperative. It is also hard for individual providers or products to take on the task at scale. ISAFE services do, effectively and professionally.
- ▶ **Increase customer affinity.** By building protection of a child's privacy in, with transparency and obvious seriousness, providers increase the trust of parents and affinity for their product and company.

Why Use ISAFE Products & Services

When including a partner's products services along with, or embedded into, your own, you need to make that decision carefully. ISAFE focuses its own business practices and development on three pillars:

Solve for Important Outcomes

- ▶ Make compliance simple.
- ▶ Achieve true, verified parental consent. Remove
- ▶ hard costs associated with compliance. Tie
- ▶ digital learning programs to primary education outcomes.

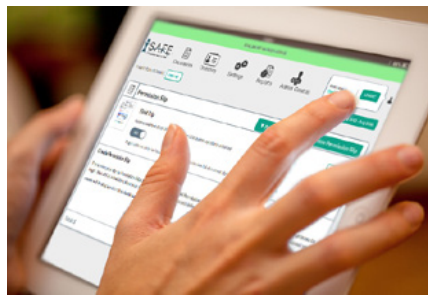
Build for Trust

- ▶ Design Identity management services to meet or exceed the highest standards for COPPA, CIPA, PPRA and FERPA.
- ▶ Host services on the AWS platform, be platform agnostic and design to SOA.
- ▶ Create educational content to meet CCSS, NETS and ALS standards.

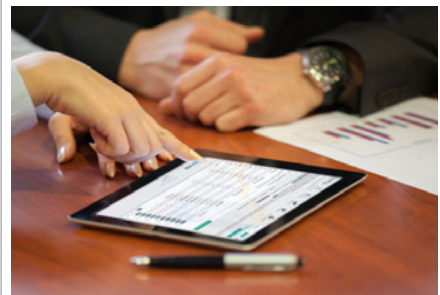
Be Easy to Use



Cloud-based services are always available, always up to date, simple to deploy.



Wizard-driven processes create content in moments.



Quick integration with directories targets distribution.



Admin dashboard provides real-time data reporting. Long term cloud storage built in.



Built in notification, security and digital signing for parents.

Partner Benefits

- ▶ Preferential pricing
- ▶ Advance notice of service modifications, upgrades
- ▶ “White label” sales enablement & content
- ▶ Promotion on ISAFE website training & support

How to Engage

- ▶ Apply to become an ISAFE partner at www.isafeventures.com/resellers.
- ▶ Once approved, you will receive sign in credentials for a unique portal where you can onboard your sales team, enroll customers, download materials and ask for assistance.
- ▶ Admin reporting keeps a current record of sales activity.
- ▶ For more information, contact us at resellers@isafedirect.com