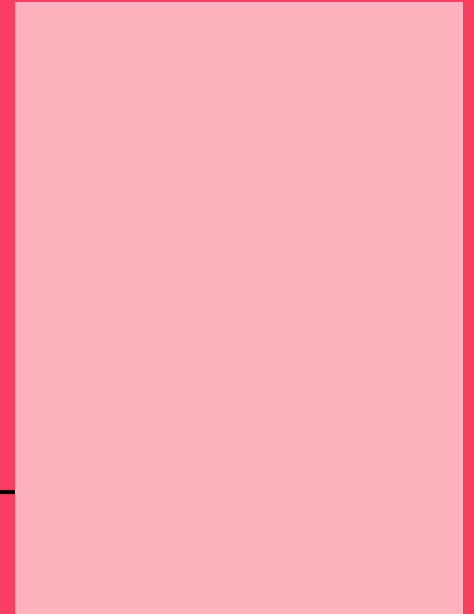


RED FLAGS CATEGORY

Business Model and Funding

Ford
Foundation



4

RED FLAG

The product generates revenue from affected communities.

AT A GLANCE

- Sometimes a proposed product may generate revenue from affected communities by relying on optional paid or tier-based subscriptions.
- The business model may lead to lower quality free services that collect excessive or opaque data, or use deceptive design practices to pressure users to upgrade.
- To identify this red flag ask about the organization's business model, funding sources, their sustainability and funding diversification plan.

In some cases – especially in the for-profit space – a vendor’s business model may rely on optional paid or tier-based subscriptions from communities that it is meant to serve. Often, the justification behind this practice is to create a self-sustaining business model. A common practice is to provide a baseline free program for all members; however, if a person is interested in add-on/premium programs, they must pay for them. As a result, they deprive people without resources of the best level of service that they too deserve, consistently preferencing those with resources or running people into debt to get them.

Experience has shown that sometimes the free program relies on excessive and opaque data collection practices or ad revenue, has lower quality, or uses deceptive design practices (also known as “dark patterns”) to put pressure on users to upgrade.

EXAMPLE

A company wins a bid with Correctional Agencies in a state to facilitate e-learning programs in the state’s jails and prisons. They provide “free” tablets to individuals with only a few pre-installed programs. However, all other features, including reading e-books, are marked as “pay to play” and are charged by the minute.

Questions to Identify this Red Flag

Can you tell us about your investors and funders? How do you solicit/select funding streams? Do you have particular value-based criteria for funding?

What is your business model? As you grow, how do you foresee your business model changing or expanding?

For for-profit vendors:

- Do you provide paid tier-based/premium services to your clients?
- What are the differences between paid versus free programs? This can include questions about add-on services, privacy policy and users' data collection, personalization, quality of services, and data network requirements.

For non-profits:

What is your plan for sustainability and diversifying your funding? What are your thoughts about tier-based services as a model to generate revenue?

RESOURCES

- [Business model red flags: 24 ways in which businesses could be wired to put people at risk](#)
- [Best practices for prison and jail tablet procurement](#)

5

RED FLAG

The project depends on harmful surveillance – either by corporations or government agencies – regardless of framing.

AT A GLANCE

- The project may depend on excessive data collection and harmful surveillance by corporations or government agencies.
- This will negatively impact privacy and other fundamental rights, such as freedom of expression, assembly, association, movement and safety.
- To identify this red flag ask about the business model and its dependence on user data, data brokers, and the potential for government surveillance and safeguards against it.

Data-driven technologies, as their name implies, depend on collecting data from users. This data is often collected from people either with or without their knowledge. When a business model relies on user data, there might be a risk of contributing to surveillance capitalism (e.g., ad targeting, data brokers' opaque practices) or government surveillance. Both types of surveillance may negatively impact the right to privacy and consequently, the right to freedom of expression, the right to freedom of assembly and association, freedom of movement, etc.

EXAMPLE

Detaining migrants is not only inhumane, but also expensive for governments. As a result, governments have turned to alternative methods that present as more humane, facilitate integration into host communities, and also offer greater cost-efficiency. The U.S. Immigration and Customs Enforcement (ICE) has a contract with a private company to provide Electronic Alternative to Detention (e-ADT) for migrants. The company provides ankle monitors and remote case management services. The company collects migrants' sensitive data, including real-time location and voiceprints. Human rights groups have raised concerns about the constant surveillance of migrants in addition to violating their rights to dignity, freedom, and liberty.



Questions to Identify this Red Flag

What is your business model? Does it depend on or provide targeted advertising?

Does your program depend on buying/selling data to data brokers?

If your program requires working with public agencies (by using public data or providing data from public agencies), how do you think your project may contribute to government surveillance? What are your safeguards to avoid such a contribution?

RESOURCES

- [It's the Business Model: How Big Tech's Profit Machine is Distorting the Public Sphere and Threatening Democracy](#)
- [Surveillance Capitalism and the Challenge of Collective Action](#)
- [Sidewalk Labs: Privacy in a City Built from the Internet Up](#)
- [Sideways: The City Google Couldn't Buy](#)
- [Logic Magazine, Community Defense: Sarah T. Hamid on Abolishing Carceral Technologies](#)

