

Editorial

The Signal, the Noise and Surveillance



If you are reading this text you're interested in what either my KPMG colleagues, our clients or our partners want to share with you in writing. However, despite the fact that the readership of Compact has grown steadily over the years KPMG is not renowned for producing successful authors who write global bestsellers. Nate Silver is an exception to the rule. While working at KPMG Nate developed a system to predict the development of baseball players. His book *The Signal and the Noise* tells his story and provides a gentle introduction to the world of data gathering and analysis by looking at topics as diverse as the weather, the spread of diseases, 9/11 and politics. The online bookstore where I bought the book tells me that the English language version of the book is available in 11 formats and editions, is ranked 3,685 on its list of bestsellers, that 976 people have taken the trouble to review it and that customers who bought the book also bought a copy of *Thinking, Fast and Slow* by Daniel Kahneman. When I look at my bookcase I know this last statement to be true for at least one of their customers.

It is odd to think that the methods described in a book that I bought in an online bookstore are used by the same online bookstore to monitor, record, predict and prime my reading and shopping habits. To be honest, I visit this particular shop frequently because I love the browsing experience the shop offers me, the way the shop allows me to go through the list of recommended books, to see what new titles are going to be published and the functionality to save my wishes for both myself and friends. On the other hand, I have shopped at the same online bookstore for the last 15 years and numerous questions go through my head such as: is a record of all my purchases of the last 15 years still stored by the shop, does the shop link my profile to that of family and friends, are they allowed to sell my profile to other companies, how private is this profile and what does the shop's analytics tell them about me. Where is the red line that I don't want the shop to breach? How much can I trust the store and its employees? Is surveillance taking the upper hand and am I losing out?

This edition of Compact will provide more insights into the world of data monitoring and surveillance by looking at it from numerous perspectives. Financial market surveillance systems are discussed in an article produced through a joint effort by KPMG and the Dutch market surveillance vendor TradeWatcher. In parallel, Albert Menkveld, professor of Finance at VU University Amsterdam, was asked for his vision regarding the capital markets domain including the role authorities should play to monitor, detect and prevent market abuse.

The actual investigation of fraud often makes use of logging and audit trails. Therefore, two authors of the NN company wrote an article that explores the logging requirements that the IT systems in the financial industry must comply with to produce an audit trail that is adequate to support forensic investigations.

The QuestionMark company utilizes proprietary data and global databases to allow the consumer to assess how sustainable their shopping habits are via their smartphones. Compact has interviewed its managing director, Mrs Charlotte Linnebank, to discover how this innovative concept was developed and what it can offer today's shoppers and producers alike.

To mention surveillance without mentioning Big Data is currently impossible. Thus both methods as well as regulation to use Big Data are being discussed in two separate articles. The importance of data visualization in relation to Big Data is also apparent. Effective visualizing may lead to quicker and more effective detection. An article by KPMG staff shares their experience in data visualization. This issue of Compact finishes by publishing a dedicated article about the security challenges associated with SAP HANA.

We hope that you will enjoy the articles in this last issue of the year as much as Nate Silver's global bestseller and that the articles will challenge you to initiate or enhance data analytics, monitoring and visualization. We will make sure to ask for your opinion in our next readership survey.

Rob Voster