Digital, Culture, Media and Sport Committee

Oral evidence: Fake News, HC 363

Tuesday 27 February 2018

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Watch the meeting

Members present: Damian Collins (Chair); Paul Farrelly; Simon Hart; Julian Knight; Ian C. Lucas; Christian Matheson; Rebecca Pow; Giles Watling.

Questions 621-848

Witness

I: Alexander Nix, Chief Executive, Cambridge Analytica

Written evidence from witnesses:

– Cambridge Analytica

Examination of witnesses

Alexander Nix, Chief Executive, Cambridge Analytica

Q621 **Chair:** Good morning. Welcome to Alexander Nix to this further session of the Digital, Culture, Media and Sport Committee and our inquiry on fake news and disinformation. During the course of our investigation so far, it has been clear to us that understanding of data analytics and behavioural patterns online is key to understanding the way that messaging works. That is why we were particularly keen to talk to Cambridge Analytica, which is one of the leading companies in the world—I think it would be fair to say—in understanding the way in which data analytics and behaviour activity works online.

We have a range of questions that we want to ask you, Mr Nix, about that. We are also this morning publishing the letter you sent to me on 23 February following the evidence session we had in Washington, in which you raised some concerns about things that were said about Cambridge Analytica at that hearing that you wanted to correct for the record. I am publishing that letter this morning, but I wanted to start by asking a couple of questions relating to that letter and to clear up a few things.

One of the issues you raised in the letter in response to Mr Matheson's question was to state that Cambridge Analytica had never had any involvement in the EU referendum campaign. To quote for the record for people who may not have seen the letter, you say, "Cambridge Analytica had no involvement in the referendum, was not retained by any campaign, and did not provide any services (paid or unpaid) to any campaign." That is what you said in your letter. We are publishing that today but I wanted to be clear. You will understand why this confusion has arisen about Cambridge Analytica's role, because there have been public statements made by you that did associate you with the referendum campaign and with Leave.EU in particular. Why are those previous statements not correct but what you say now correct instead?

Alexander Nix: Let me start by saying thank you for the invitation to come and speak to this Committee. Fake news is a credible threat to the public and indeed to the industry that we work in, and we are pleased to try to help in any way that we can.

We have been very consistent for the last two years about our involvement, or lack of involvement, in the EU referendum. There was one statement only, which was put out erroneously, that indicated that we were involved in the campaign. It was drafted by a slightly overzealous PR consultant who worked for us, and referenced work that we hoped and intended to undertake for the campaign. Subsequently, work was never undertaken. The moment that that statement went out we were absolutely crystal clear to all the media outlets that we were not involved and that it had been released in error, and we tried to correct the press again and again and again. Unfortunately, and somewhat ironically, this was an example of fake news that was disseminated and

spun out virally. By the time it had penetrated the internet it became a matter of fact even though there was no fact behind it.

Q622 **Chair:** So that I am clear, is this the statement? I will read from it. Tell me if this is the statement you are referring to: "Recently Cambridge Analytica has teamed up with Leave.EU—the UK's largest group advocating for a British exit… from the European Union—to help them better understand and communicate with UK voters. We have already helped supercharge Leave.EU's social media campaign by ensuring the right messages get to the right voters online". Is that the statement you are referring to?

Alexander Nix: That is the statement, and this was a statement that was prepared in anticipation of working with that organisation and was released, unfortunately, ahead of any work starting. Again, it was an error. We were very vocal about that at the time and we addressed it head-on immediately when we realised that it had been put out.

Q623 **Chair:** I have seen that quotation in an article for *Campaign* magazine, which is in your name.

Alexander Nix: That is where it was put out.

Chair: Yes. It is an article in your name and it is still on their website today, so why have you not asked them to withdraw it if that statement was put out in error?

Alexander Nix: I cannot speak to that personally, but I am sure that we have asked them. I can double-check for you.

Q624 **Chair:** I think we all understand that sometimes an over-eager press officer might say the wrong thing. It is quite different when the leading figure in a company signs off an article that goes out in their name and the key fact in that argument is wrong. It does not just refer to an anticipated relationship. It says that you have already worked for them, "We have already helped supercharge Leave.EU's social media" messaging and, in particular, references the growth in the Facebook page for the campaign. Presumably that refers to work that has been done not just things you hope to do.

Alexander Nix: While your point is valid—we have addressed it head-on again and again—the facts of the matter are that we did no work on that campaign or any campaigns. We were not involved in the referendum. While we could dwell on this, I think we should probably look at the facts of the matter, which are that we were not involved, period.

Q625 **Chair:** What you are saying is clear. Unfortunately, the question will still keep coming up because people will reference this and think it is odd that a statement was put out that was totally untrue, when it refers to not just work you hope to do but work that you have already done. This will not be news to you, but in the *Newsnight* programme that you were interviewed in, they had had footage of a Cambridge Analytica employee sitting in a press conference with Leave.EU. It was Brittany Kaiser, and she talked about the fact that she would be working on running large-

scale research for Leave.EU. That was in 2015. Was that work undertaken? Did she do that as a Cambridge Analytica employee or was that done in a personal capacity?

Alexander Nix: It is not unusual, when you are exploring a working relationship with a client, to speak in public together about the work that you hope to undertake. That was simply an example of that.

Q626 **Chair:** She was talking about work that they hoped to do, but that work was not done.

Alexander Nix: Exactly right.

Q627 **Chair:** When we talk about you or your organisation, when you say that work was not done and there was never any work done, does that apply to not just Cambridge Analytica but all your affiliate companies and companies in your group as well?

Alexander Nix: That is absolutely right. No company that falls under any of the group vehicles in Cambridge Analytica or SCL or any other company that we are involved with has worked on the EU referendum.

Chair: Any associates or anyone?

Alexander Nix: Or any associates.

Q628 **Chair:** In April 2017, Andy Wigmore, the communications director at Leave.EU, put out a tweet in response to some news from the Conservative party about the people it had hired to advise it on the last general election for its digital campaign. He says, "You should use Cambridge Analytics—we did apparently can highly recommend them". Why would he have said that?

Alexander Nix: You are going to have to speak to Andy about that. I cannot begin to second-guess why he would have said that. My understanding is that he subsequently changed that statement, but, again, you would have to speak to him.

Q629 **Chair:** He also put out another tweet saying, "Leave.EU campaign brings in US voter data and messaging firm Cambridge Analytica". That was a separate tweet.

Alexander Nix: I do not know the date of that, but I can only assume that at the time he was vying to be the designated leave campaign and that by associating himself with a data analytics firm such as ours, which had quite a high profile for our work in the United States in the US presidential primaries, he was hoping that would give him additional credibility through association.

Q630 **Chair:** That was in November 2015 and that was presumably after the press conference that Brittany Kaiser took part in as well. Again, that would suggest that there was a working relationship between Cambridge Analytica and Leave.EU at that time.

Alexander Nix: I do not know how to explain this to you more clearly: we did not work with them. However you look at this or however it

appears to you or whatever tweets other people have said about the situation, we did no paid or unpaid work. We had no formalised relationship with them. We did not work on the EU referendum with that organisation or any other organisation.

Q631 **Chair:** The reason I think it is important that we ask these questions is that we are publishing a written statement from you that seems to correct the record on this point. The reason the questions keep coming up is that what you have said today is clearly challenged by what you have said in the past, or statements that have gone out in your name in the past, and what people like Andy Wigmore have said and what other employees at Cambridge Analytica have said in the past as well. We are now being asked to believe that the version of reality that was portrayed at the end of 2015 and 2016 is false, and the current statement is that there was no work of any kind done by either Cambridge Analytica or any associates during the referendum. They are at such odds it is not unreasonable that these questions keep coming up.

Alexander Nix: You are looking at that in isolation. As I said before, that press release went out in error. After it went out, we were very quick to go to the press and to correct it and to say to them, "This was a mistake. For the record, we are not doing any work. We have not been retained or contracted by any of these organisations". We consistently put this message out over a two-year period. One press release you are referring to was instantly corrected, and we have been consistent in our messaging ever since, so I do not think your line of inquiry is entirely fair.

Q632 **Chair:** It is an article, not a press release, in your name, and it is still on the website of the organisation that published it, in your name. It has not been taken down.

Alexander Nix: That is out of our control, clearly.

Chair: You could have made a request to them.

Alexander Nix: We have made several requests to leading newspaper publications to retract statements that we have been involved with this. We have told news outlets, and we have put out our own press releases, but unfortunately we are not always successful in these entreaties.

Q633 **Chair:** It is normal for companies, when they are pitching for work—and from what you said it sounded like you were in the process of pitching for work for Leave.EU even if it did not come about. Probably a fair interpretation of the article we have been discussing is that you anticipated that you were going to be hired to do some work for them and that did not happen. What sort of work was done in order to pitch? Normally you go out and see prospective clients and you pitch to them and show them what you can do and the value you could add if you were hired.

Alexander Nix: That is exactly right. We have a political division. It is not uncommon for us to go and speak to political parties. Indeed, in this country I think I have spoken with every political party—or at least been approached by Labour, Liberal Democrats, UKIP, SNP, Conservatives—on

how we might be able to help them with their campaigns, various different campaigns, and to present our services, talk about our track record, our extensive 27-year history in managing election campaigns around the world, the technologies that we have developed to help campaigning and make it more efficient and then to talk about how our services might be most relevant to the clients that we are seeking to assist. I think that is pretty common practice.

Q634 **Chair:** I used to work in the advertising industry many years ago, part of the "Mad Men" style mass messaging industry that you say is now dead. What was normal there is that you would produce draft campaigns. You would say, "If you hired us, these are some of the advertisements that we would run for you." Given that what you do is for many people, and probably for many of your clients, quite a new area of activity, do you create demonstrations, saying, "This is a sample of the sorts of work we would do for you based on our understanding of this issue and the understanding of your audience. Here are some examples of the work we would do if we were hired"?

Alexander Nix: Unlike the "Mad Men" days of advertising where it is creative-led, so you can draw on the imagination to come up with these sorts of examples, our communications are rooted in data and in science. As a result, in order to produce these things there is considerably more time and effort and work involved and we also need access to the appropriate datasets. It would be almost impossible for us to provide a client with a meaningful demonstration of what we might be able to do for them unless we have access to their data and have spent a lot of time modelling. More often—I would say that this is always is the case—we will simply show them work from other projects that we have worked on, to give them an understanding of the sort of work that we might be able to deliver to them.

Q635 **Chair:** In your discussions with Leave.EU, did they say that they had a dataset that they could make available to you in order to assist targeting in that campaign?

Alexander Nix: I am not sure that they did have a huge dataset or any dataset. I would have to revert to you on that. I think the idea was that we would help them go out and capture their data for them.

Q636 **Ian C. Lucas:** I have a quotation in front of me, dated 8 February 2017, from *Bloomberg Businessweek*: "We did undertake some work with Leave.eu, but it's been significantly over-reported". Are you saying that that is not correct, you never said that?

Alexander Nix: What I am saying is that the work we undertook was exploring a business relationship together.

Ian C. Lucas: You explored a business relationship but you did not begin a business relationship?

Alexander Nix: That is correct, sir.

Q637 **Ian C. Lucas:** Do you know who Arron Banks is?

Alexander Nix: I do know who Arron Banks is.

Q638   **Ian C. Lucas:** Have you read this book?

Alexander Nix: I know I have not.

Q639   **Ian C. Lucas:** It is called *The Bad Boys of Brexit* and it was sent to me by Arron Banks. Do you have a copy in your office?

Alexander Nix: That is correct. I was given a copy as well.

Q640   **Ian C. Lucas:** Can I suggest you read it, Mr Nix, because on 22 October 2015, according to this book, Mr Bank says, "We have hired Cambridge Analytica, an American company that uses 'big data and advanced psychographics' to influence people". Are you saying that is incorrect?

Alexander Nix: I am saying that is incorrect.

Q641   **Ian C. Lucas:** Were you aware of that statement?

Alexander Nix: I saw the statement in the book.

Ian C. Lucas: You said you had not read it.

Alexander Nix: I have not read the book. I have seen the pages relevant to Cambridge Analytica.

Q642   **Ian C. Lucas:** You are aware of that statement.

Alexander Nix: Yes, I am aware of that statement.

Q643   **Ian C. Lucas:** Do you think that improves the business reputation of Cambridge Analytica?

Alexander Nix: Unfortunately, that is something that is out of our control. We have spoken to Mr Banks about this statement, and we spoke to Mr Wigmore about some of the statements that he made. We told them that we disagreed with them and that they were not true. I believe that they retracted some of their statements. The book came out, and it was already published by time I knew that that statement was going to be included in it. There was very little that I could do at the time to change that.

Q644   **Ian C. Lucas:** You could have sued, couldn't you? You could have sued if it was damaging to the reputation of Cambridge Analytica.

Alexander Nix: I could have but I did not think that was adequate use of time and resources.

Q645   **Ian C. Lucas:** What he says is not true?

Alexander Nix: That is not true.

Q646   **Ian C. Lucas:** He is a liar.

Alexander Nix: It is not true.

Q647   **Ian C. Lucas:** He not only says that he used Cambridge Analytica; he said, specifically, that he hired you.

Alexander Nix: That is not true.

Q648 **Ian C. Lucas:** There are no financial payments from Leave.EU to Cambridge Analytica or any of associates?

Alexander Nix: Let me be absolutely crystal clear about this. I do not know how many ways I can say this. We did not work for Leave.EU. We have not undertaken any paid or unpaid work for them, okay? There is nothing else I can add to that that is going to clarify that statement in any more detail.

Q649 **Ian C. Lucas:** Mr Nix, I am sorry, but I am going to quote back to you what you said, which is, "We did undertake some work with Leave.EU". It is in the quotation, and you have just said exactly the opposite. Which is true?

Alexander Nix: I was using the word "work" to mean that we met with them to discuss an opportunity. That is working. Unfortunately, having meetings, even if they do not lead anywhere, is still work but it does not entail the sort of relationship that you are trying to suggest existed between their organisation and our company.

Q650 **Ian C. Lucas:** Would you disclose your bank statements to show that no payments have been made from Leave.EU to Cambridge Analytica?

Alexander Nix: Yes, I would. I would be pleased to do that.

Ian C. Lucas: I would be very grateful if you would send those to the Committee so that we can check them.

Q651 **Simon Hart:** Why are you so desperate to distance yourself from Leave.EU?

Alexander Nix: I am not. I am desperate to make sure that the facts of the matter are crystal clear, because that is the purpose of this inquiry, although I thought the purpose of this inquiry was that I could help inform the Committee on how data and targeting are used in communications.

Q652 **Chair:** Absolutely, and believe me we do want to come on to that. It is just that because you raised this in your letter to us we feel this is something we have to bottom out with you.

Simon Hart: Keep going. You were just getting to the end of that.

Alexander Nix: I was simply saying that we were trying to establish the facts.

Q653 **Simon Hart:** You suggested that the work that was involved was around preparatory discussions that might or might not have led to some form of contract. As a way of expanding on the answers you gave to Mr Lucas, what went wrong? Have you any idea why you did not get the job? Have you any idea why Arron Banks is apparently so determined to argue that you did? I do not understand how something so simple could become so complicated.

Alexander Nix: Deals fall down or transactions fall down for all manner of reasons. It could be price, or it could be personalities.

Q654 **Simon Hart:** What was it in this instance?

Alexander Nix: There simply was not the appetite to move forward.

Q655 **Simon Hart:** By you or by them?

Alexander Nix: I think by both parties. We did not feel that the marriage value of Cambridge Analytica working with Leave.EU, and clearly vice versa, was going to bear a fruitful and successful relationship.

Q656 **Simon Hart:** Yet it would seem that Leave.EU are, according to you, making claims now that suggested that that relationship did exist. Why, if there was not the will go forward and if there was not the will to enter into any sort of contract, do you think that they are misrepresenting the truth or, as you put it, commenting inaccurately?

Alexander Nix: I cannot possibly speculate on Arron Banks or Andy Wigmore or anyone else's motivations. That would be an unfair question.

Q657 **Simon Hart:** A final point on this, and I think we will come back to the data element. There is a sense of irony in the way you seem to have found yourself to be the victims of misinformation being peddled online, which is arguably one of the accusations that is made about your company since you assist people in playing to the fears of vulnerable sections of the electorate in order to alter their voting plans. Do you set a moral compass anywhere in the manner in which you advise clients on vulnerable-voter sections in order to try to move them from one position to another? Do you see that as a positive contribution to society or do you just say, "They are paying the bills, therefore we will provide whatever it is they want"? Where does the social responsibility sit in all this?

Alexander Nix: I think that is another entirely unfair question that stems from a total misunderstanding about what it is that we are trying to do and how we help our clients. We are trying to use data and technology to allow campaigns to engage with voters in a more informed and relevant way. We are trying to make sure that voters receive messages on the issues and policies that they care most about, and we are trying to make sure that they are not bombarded with irrelevant materials. That can only be good. That can only be good for politics, it can only be good for democracy and it can be good in the wider realms of communication and advertising.

Q658 **Simon Hart:** It is not an unfair question to simply report the fact that some people consider the manner in which the data is used for electoral purposes is quite subliminal. It is arguably manipulative. I am simply asking for comment; I am not expressing a view myself. Quite a lot of political parties wish they could afford your services, I suspect, but they do not. I am simply asking whether there is any element of this that causes you concern. If you are trying to nudge—we were all watching the presentation you made yesterday, where you are trying to help people

move from one voting position to another. It is not anything that is particularly drastic; it is just moving a couple of notches on the dial. Do you have any comments about whether it is unusual when you see a political party using the advice that you have given perhaps to alarm certain sections of the voting community into taking a position on the basis of what, in the old-fashioned term, would be subliminal advertising? Is that an unfair accusation?

Alexander Nix: Let's start by establishing the fact that the use of big data and predictive analytics in political campaigns was something that was really championed by Obama's campaign in 2008. They were the ones who made the significant advances in what is known now as micro-targeting—the use of data to start to look at the electorate as very small groups of people, hopefully, ideally as individuals as opposed to homogeneous masses, and to start to serve them most relevant messages. Again in 2012, the Democrats pioneered the use of addressable advertising technology in order to improve the way that they use this data to target people as individuals.

As Mr Collins well knows, they have been using these sorts of techniques in the realm of advertising to personalise advertising for many years—decades even—as they seek to build relationships between brands and their consumers such that you do not get blanketed with generic messaging but everything becomes more relevant to you. That is an entire industry that is moving in this direction. It is not Cambridge Analytica. All we have simply done is look at the industry—the advertising industry—and at what is going on in the political industry, and we have taken the best practices and in a very short of time we have replicated them and, I would like to say, improved on some of these techniques and methodologies and served them up to a different political party in order to help them have an equal chance of competing in a free and fair democracy.

I think part of the issue is that our candidate is somewhat polarising and so people see the work that we did in a negative light, and they refuse to accept the fact that Clinton's machine was twice the size or three times of anything that we were doing for Trump. She had hundreds of data scientists and digital practitioners working for her. They were using very similar techniques, and they were targeting the audience in a very similar way, yet they do not come under the limelight and they do not get the scrutiny that we get simply because of the candidate involved.

I think if you look at the industry and you say to yourself, "Is it good for politics that you can make communications more relevant, that you can start to run a national campaign that involves millions or tens of millions or even hundreds of millions of voters and you can start to treat that campaign as you would a small mayoral election or a local election in the UK and you can start to speak to press releases about very local concerns that are relevant to them?" Whether it is speeding cameras or regulation of parking permits or whatever it is—things that matter as opposed to blanket messaging—that has to be good to make politics more personal, more individualised and more engaging.

Q659   **Simon Hart:** Last question, and I should know the answer to this: were you involved in the 2017 election here?

Alexander Nix: No.

Q660   **Simon Hart:** 2015?

Alexander Nix: As a rule of thumb, we do not involve ourselves in politics in the UK.

Q661   **Chair:** You said as a rule of thumb, but have you?

Alexander Nix: I have been with the company for about 14 years and I have never worked on a campaign in the UK, simply because, as a predominantly British campaign, we think it would be complex and possibly divisive to ask our employees and staff to support a particular political party in the country that they reside in.

Q662   **Chair:** Following up, you took umbrage at one of Simon's questions about playing on people's fears, but you gave a presentation about your work for the Ted Cruz campaign where you demonstrated that, based on the psychological profile of the audience, you might use an advertisement that played on a woman's fear of being attacked in her own home to support the gun lobby. You might say that techniques like that are used by other people, but is that not a good example of the sort of campaign that Mr Hart was referring to?

Alexander Nix: Both sides used fear of spending and fear of economic exclusion as arguments for staying and remaining in Europe. I think presenting a fact that is underpinned by an emotion is not fearmongering. If you believe that yourself, it is very sensible. I think there is an argument to say that, in the particular instance you are talking about, there are people who look to the second amendment for self-protection. In fact, I would say there are quite a lot of people who fall into that bucket.

Q663   **Chair:** In that example there that you gave, fear was the emotion that you were playing on.

Alexander Nix: You are looking at the drivers that are going to influence the decision making.

Chair: In that case, the driver that was selected in that example for that decision maker was fear.

Alexander Nix: The fear of being unable to protect yourself.

Chair: The answer to that question is yes?

Alexander Nix: Yes, in that case.

Q664   **Christian Matheson:** Who is Brittany Kaiser?

Alexander Nix: Brittany Kaiser is an employee of Cambridge Analytica.

Q665   **Christian Matheson:** Is she still an employee?

Alexander Nix: As of three years, I believe—three or four years.

Christian Matheson: Is she still an employee?

Alexander Nix: She is still an employee.

Q666 **Christian Matheson:** She spoke, representing Cambridge Analytica, at a panel on the launch of Leave.EU, did she not?

Alexander Nix: I believe so.

Q667 **Christian Matheson:** Representing Cambridge Analytica.

Alexander Nix: Representing our proposed involvement as a company that was going to support Leave.EU.

Q668 **Christian Matheson:** She said at the time that, "The most important part of this referendum is appealing to first time and apathetic voters".

Alexander Nix: Yes.

Q669 **Christian Matheson:** We have had the press release put out by the junior press officer—that was scotched straight away—but your involvement with Leave.EU continued up until the very launch and her speaking at that launch.

Alexander Nix: She was not speaking as a consultant to Leave.EU, she was speaking as a representative of Cambridge that was seeking to do some work for Leave.EU.

Q670 **Christian Matheson:** Did she get paid for being on that panel?

Alexander Nix: No, she did not.

Q671 **Christian Matheson:** We had the tweet from 29 November, which again was quickly being scotched by Andy Wigmore, but a couple of months later, on 10 February 2016, you were quoted in *Campaign* magazine as saying, "Recently Cambridge Analytica has teamed up with Leave.EU… to help them better understand and communicate with UK voters. We have already helped supercharge Leave.EU's social media campaign". I know you are unhappy with the line of questioning, but it is yet another piece of evidence, is it not, Mr Nix, that is contradictory to the statement that you have given in your letter to the Chairman?

Alexander Nix: I think it is the same piece of evidence that has already been brought up, so rather than go round the houses and have exactly the same conversation that we had 20 minutes ago, we have probably addressed this one.

Q672 **Christian Matheson:** My fear is that there are several individual pieces of contradictory evidence that provide a weight to each other.

Alexander Nix: No, there are two pieces of evidence that suggested an association, and we have addressed them both.

Q673 **Paul Farrelly:** I want to try to close this opening line of questioning in my own mind, because I fear that I am hearing the English language

changing in my ears as this session has gone on. You firstly described that you were not working for someone, but by "work" you meant that you had meetings about working for someone, which to my mind does not count as working for someone, so that rather confused me. We have two sets of characters: you and Mr Banks. I use the book as a coffee mat in my office, because we were all sent unsolicited copies of it during the election. Mr Banks is saying, "Hey, we are hiring Cambridge Analytica", and you are wanting to be Cambridge Analytica working with Leave.EU, so you are both going around professing love for each other and your intention to get hitched. Then you say there was no marriage value in this. What did you mean by that?

Alexander Nix: That we did not get hitched, to use your metaphor. To use your metaphor, we dated each other, we had a couple of dinners but we did not get married. Again, how can I spell this out to you? It is pretty obvious.

Q674 **Paul Farrelly:** I am continuing your metaphor. I do not know what a marriage value is, so perhaps you could help me. There was no marriage value in it for you. What do you mean?

Alexander Nix: The idea that when two parties come together, the sum of the relationship is better than the individuals staying on their own.

Q675 **Paul Farrelly:** I am still confused as to why your relationship broke down.

Alexander Nix: I am sure, as experienced businesspeople, you understand that there are often situations where you engage in conversations about working together with clients and they do not lead to a relationship being formed. Unfortunately, this is the nature of business.

Q676 **Paul Farrelly:** Could you spell it out? Did they not think you could deliver or were they not prepared to pay the rate that you wanted? Could you be a little bit clearer?

Alexander Nix: I cannot be more clear because I cannot recall. This was four years ago or three years ago. It was one meeting three years ago that did not lead to business. We do dozens of meetings every day and some of them lead to contracts and some of them do not, so I cannot be more clear. All I know is that we met some representatives from Leave.EU, we had some discussions, but no business was taken forward.

Q677 **Paul Farrelly:** It also led to a presence on a launch platform for something that is pretty seminal in the recent history of this country, but your memory is not very clear.

Alexander Nix: At the time we were preoccupied with some fairly important work in the United States and other countries as well.

Q678 **Chair:** Mr Nix, you are very clear in saying that Cambridge Analytica received no payment for any work relating to the referendum. Is that also the case for SCL, your parent company?

Alexander Nix: It is not our parent company, but that is also the case, yes.

Q679 **Rebecca Pow:** I want to look at the system that you used—I think you might describe it as a trait-profiling system, the OCEAN system—and at how you gather data and what you include. Could you very briefly explain the OCEAN method to us?

Alexander Nix: Obviously, depending on which territory you are operating in, there are different means to gather data depending on the legislative environment available. In a country such as the United States, we are able to commercially acquire large datasets on citizens across the United States—on adults across the United States—that comprise of consumer and lifestyle data points. This could include anything from their hobbies to what cars they drive to what magazines they read, what media they consume, what transactions they make in shops and so forth. These data are provided by data aggregators as well as by the big brands themselves, such as supermarkets and other retailers. We are able to match these data with first-party research, being large, quantitative research instruments, not dissimilar to a poll. We can go out and ask audiences about their preferences, their preference for a particular purchases—whether they prefer an automobile over another one—or indeed we can also start to probe questions about personality and other drivers that might be relevant to understanding their behaviour and purchasing decisions.

Q680 **Rebecca Pow:** I think the stated commercial aim of the SCL Group said that you then collate all this information to micro-target people with all your analysis in order to influence their long-term behaviour. Can you give an example or a couple of examples of where this has been very successful?

Alexander Nix: Let me try to route this into something that is a bit more relatable. If you were an automotive company and you were seeking to advertise your product to an audience, just knowing whether that audience was more interested in the engine and performance of the vehicle, as opposed to the safety features or the boot space or anything else, is going to be very relevant to how you communicate with them. That is an example of one or two data points. If you can expand on that and start to really understand what it is that you, as an individual, care about in purchasing decisions—purchasing a car for instance—you can start to tailor the product to the individual and start to tailor the communication in a similar way. Then you can talk about, in the case of somebody who cares about the performance of a vehicle, how it handles and its metrics for speeding up and braking and torque and all those other things.

Q681 **Rebecca Pow:** I assume you are gathering all this data on the British population as well.

Alexander Nix: Obviously there is a different set of regulations in the EU as opposed to the US. The EU is an opt-in data culture as opposed to an opt-out data culture, as is the case in the United States, so the datasets

that we have in the UK, for instance, are not the same as those that we have in the US.

Q682 **Rebecca Pow:** Does any of the data come from Facebook? I have read that you have said that within so many "likes" you can almost predict what somebody is going to think about something, or indeed possibly how somebody might vote, and that you might know more about them than, say, their partner or spouse or work colleague does within a few simple steps. Is that right?

Alexander Nix: I have read a similar article. It was not published by us or written by us, I should say. It was written by an academic active in the space, so I cannot comment on whether that is true or not. We do not work with Facebook data, and we do not have Facebook data. We do use Facebook as a platform to advertise, as do all brands and most agencies, or all agencies, I should say. We use Facebook as a means to gather data. We roll out surveys on Facebook that the public can engage with if they elect to.

Q683 **Rebecca Pow:** But you can put your micro-targeted messages, as you were saying, on Facebook as advertisements to try to persuade people or nudge them in one direction or another.

Alexander Nix: We are platform-agnostic. We will match our offline data segments with any platform out there. Facebook obviously is an extremely prevalent platform and has an incredible global reach so it is a go-to platform of choice for many or most agencies, but if there are other more-targeted platforms, we would use those.

Q684 **Rebecca Pow:** We had a gentleman before our panel called David Carroll, who was an associate professor of media design in the States. He said that there is no indication of where Cambridge Analytica obtained its data for any of your rankings. Do you not feel people ought to know where you are getting your data from and then what you are doing with it, how you are sharing it, whether you are processing it or even whether people ought to have a right to be able to delete it?

Alexander Nix: In the United Kingdom, individuals, as governed by EU law and data protection regulation, are entitled to make a subject access requests and, as they will be able to under GDPR with all companies, they will be able to ask for their data and have that data removed from those companies' databases. We are fully complicit with the law and the legislation that is currently in place.

Q685 **Rebecca Pow:** Do you see yourselves as being an all-powerful presence with all the knowledge and data that you have and that it is not surprising people are trying to find out whether you are doing anything perhaps you should not do in the way of influencing elections? You do seem to be in a position where, with all your knowledge and your powerful data, you could do that.

Alexander Nix: It is very flattering that you suggest that people might see us as having these incredible powers. What we are doing is no different from what the advertising industry at large is doing across the

commercial space. We are a small technology company that is trying to develop best-in-practice technologies. We are not a political agency, and we do not have a political ideology. We work on as many elections each year that are left of centre as are right of centre. We only work for mainstream political parties; we do not work for fringe actors. We only work in free and fair democracies. The science of political campaigning goes back hundreds of years and what we are doing is a very natural evolution to what has been done before, and what is being done by many other people as well.

Q686 **Rebecca Pow:** Doesn't the very fact that you are working on political campaigns mean that you must be influencing them, given that your remit is to influence people's long-term behaviour?

Alexander Nix: All campaign management consultancies or agencies are there to help their customers or their clients, as a good advertising agency is there to help the brands that it represents. We are there to make sure that our candidates are able to communicate with the electorate in the most relevant and effective way. That is what campaign consultancies do, as most of the people in this room should well know because of their involvement in politics.

Q687 **Ian C. Lucas:** Do you share data between, for example, SCL and Cambridge Analytica?

Alexander Nix: SCL is a very different company to Cambridge Analytica. It is a different company that has different employees who sit in a different office. It has a different board and a different board of advisers. It has different datasets, and it has different clients. The short answer is no. The only relationship between Cambridge Analytica and SCL is some shareholders. Apart from that, they are completely separate entities.

Q688 **Ian C. Lucas:** There would never be circumstances when you would transfer data from SCL to Cambridge Analytica?

Alexander Nix: We could transfer data from Cambridge Analytica to SCL, but because SCL is a company that operates in the government and defence space, it acts as company that has secret clearance—X-list accreditation in the UK—so we could not transfer data the other way.

Q689 **Ian C. Lucas:** You could transfer data from Cambridge Analytica to SCL, you said?

Alexander Nix: Certain data, yes.

Q690 **Ian C. Lucas:** Are there any individuals who work for both organisations?

Alexander Nix: There are individuals like myself who, at a high level, sit on a board of both organisations, but there are no employees who work for both organisations.

Q691 **Ian C. Lucas:** Is it your understanding that if I lawfully give one of those businesses information about me, another one of those businesses can use that information?

Alexander Nix: I said certain data. There are certain data that we can go out and commercially—I am talking about the United States, by the way.

Ian C. Lucas: I am talking about the UK.

Alexander Nix: In the UK that is not our practice.

Q692 **Ian C. Lucas:** It is not your practice. Is that because it is unlawful?

Alexander Nix: We do not share data. No, it is simply because there is a different legislative environment here.

Ian C. Lucas: So it is because it is unlawful.

Alexander Nix: In America, we can go out and acquire data. In the UK, we can still work with data, but as a data processor not as data controller. We can work with client data. I am sure you are familiar with the distinction between the two. We never own these data; we are simply processing these data on behalf of our clients.

Q693 **Christian Matheson:** Very briefly on that—going back to the answer you gave to Mr Lucas about not having any common employees, just common shareholders—the registered representative with the Information Commissioner for Cambridge Analytica is Jordanna Zetter. Does that sound right?

Alexander Nix: Sorry, the registered representative for—

Christian Matheson: With the Information Commissioner.

Alexander Nix: Right.

Q694 **Christian Matheson:** Is it not the case that she is also publicly named as the Operations Executive for SCL Elections Ltd and Cambridge Analytica?

Alexander Nix: Jordanna has been acting as the liaison in an administrative capacity for helping the ICO with some of their inquiries into data and data protection. We have a data compliance team who are undertaking the work. Her role is more about co-ordination and administration.

Q695 **Christian Matheson:** You would stand by the position that there are no common employees or employees who spend time working for both?

Alexander Nix: Jordanna's employment is with Cambridge Analytica.

Q696 **Ian C. Lucas:** Can I come in on that? That is a very important role, full stop, but particularly in an analytics company—the person in charge who is lawfully responsible to the Information Commissioner.

Alexander Nix: There is a misunderstanding. She is not the person in charge. Ultimately, the CEO is in charge and our data compliance team is in charge. She is simply the liaison who passes messages between the two bodies.

Q697 **Christian Matheson:** What is the difference between owning the data and processing it?

Alexander Nix: In the UK, if we were to undertake work for a big corporate, their data would be owned by them and they would always be the data controller. They would have control and responsibility for their data. They could bring us in to work on their data, but we would never take receipt of that data and we would never own that data. We would simply come in and perform analytic function on that data. Their data would remain their data.

Q698 **Rebecca Pow:** This is just a small point related to data. I believe I asked you whether you gathered the data from Facebook and whether you were using all that information. I think you said you did some surveys. Could you expand a bit more on what those surveys are, what you are asking people and how you are gathering the data? Do you keep that data on surveys carried out on Facebook or does Facebook keep it?

Alexander Nix: I cannot speak to Facebook, but as far as I am aware the process works a bit like an opinion survey. If I want to find out how many people prefer red cars or yellow cars, I can post that question on Facebook and people can agree. They can opt in to answer a survey and they give their consent and they say, "I prefer a yellow car" and then we can collect that data. That is no different to running a telephone poll or a digital poll or a mail poll or any other form of poll. It is just a platform that allows you to engage with communities.

Q699 **Rebecca Pow:** Are they a big part of your data-gathering service?

Alexander Nix: When we work for brands, whether it is in the UK or in the US or elsewhere, we often feel the need to probe their customers and find out what they think about particular products or services. We might use Facebook as a means to engage with the general public to gather this data.

Q700 **Simon Hart:** Let me ask a very quick question on the Facebook survey opt-in option that you were describing. If you are asking somebody what kind of car they prefer and they opt in, does that facilitate access to other data that may be held by Facebook, which is irrelevant to car colour, or is it only the data you collect on car colour that is relevant? Nothing else that is part of the data held by Facebook would be available to you.

Alexander Nix: You are absolutely right—no other data. As far as I am aware, Facebook does not share any of its data. It is what is known as a walled garden, which keep its data—

Q701 **Simon Hart:** People are not in any way accidently giving you consent to access data other than that that you specifically asked for.

Alexander Nix: That is correct. People are not giving us consent and Facebook does not have a mechanism that allows third parties such as us to access its data on its customers.

Q702 **Simon Hart:** Even with its customers' consent.

Alexander Nix: Even with its customers' consent.

Q703 **Chair:** I have taken one of your surveys. It was found through your website. I think it was a profiling survey that is linked to the OCEAN model. The incentive to take the survey is to understand more about your psychological profile. When you complete the survey—this is where I bailed out of the process—it invites you to complete the survey and get the information back you want by logging in with your Facebook log-in at the end of the process. If someone does that, what data are they allowing you to share from their Facebook process? What is the purpose of the Facebook log-in at the end of the survey?

Alexander Nix: Logging in with Facebook is a fairly common practice in the digital realm. It simply saves you the time of putting in your name and e-mail address and so forth, such that we can then send you that report on the survey that you have just taken.

Q704 **Chair:** Does that give you the right to access any other data points from my Facebook profile?

Alexander Nix: No, absolutely not. Absolutely not.

Q705 **Paul Farrelly:** I just want to clear up two things—I am sure we want to pursue the use of Facebook. You mentioned that SCL Group, or whichever of the companies it is—you can perhaps be more precise—has X-list accreditation for work with Government and defence. Can you explain that? I have not come across an X list before. Forgive my ignorance.

Alexander Nix: Not at all. I am sure you are not ignorant at all. SCL is a behavioural communications agency that was set up specifically to service the government space. We do an awful lot of work in the UK, but it is principally in the US, working with Government Departments such as the DOD, State, Pentagon and so forth. We are trying to use an understanding of group audience behaviour to address often hostile actions. Specifically, that includes programmes of counter-terrorism and counter-radicalisation. We are looking at how we can use an understanding of audiences to address problems in the drug trade, in children and women trafficking, programmes of social change, Government information programmes, a huge number of health programmes—trying to understand how we can encourage people to live more healthy lives.

Q706 **Paul Farrelly:** Is this all in the US, not in the UK?

Alexander Nix: It is in the US, the UK and globally. Obviously, the US is a larger market for this kind of work.

Q707 **Paul Farrelly:** Are all the various SCL entities involved in this?

Alexander Nix: That is correct.

Q708 **Paul Farrelly:** What does SCL stand for?

Alexander Nix: Historically, going back some 14 or 15 years, it stood for Strategic Communication Laboratories. It has been abbreviated now.

Q709 **Paul Farrelly:** One more loose end. To Rebecca Pow's question about Facebook, where she said that with a certain number of likes you could know someone better than this, this or this, you attributed that to some professor somewhere.

Alexander Nix: I do not think I attributed to anyone by name.

Paul Farrelly: No, you said it was something that had been written by a professor.

Alexander Nix: I think I said by an academic, but that is my understanding, yes.

Q710 **Paul Farrelly:** You said that yourself in a speech to the fabulously titled Online Marketing Rockstars conference in 2017. You made those claims about Cambridge Analytica's capability.

Alexander Nix: Could you read that out, please?

Paul Farrelly: You claimed, "With 10 Facebook likes, Cambridge Analytica can predict an individual's behaviour better than their work colleague might. They only need 70 to make"—that is you—"behavioural predictions better than a friend, 150 to understand a voter better than their parents". With 300 likes you claimed your organisation can, "predict a person's actions, thoughts and feelings better than their spouse".

Alexander Nix: Those are not my words. I am familiar with that text. That was the text that your colleague Rebecca was quoting from but those were not Cambridge's words. That was a statement that was made by an academic who spent a number of years, I believe at Stanford University, looking into this area. That was his work, and that was his statement. I do not know why that has been attributed to Cambridge.

Q711 **Paul Farrelly:** You have not made those claims on Cambridge Analytica—

Alexander Nix: That is not my statement, period.

Q712 **Paul Farrelly:** Did you quote it?

Alexander Nix: No, I did not quote it. I have never memorised those statistics in order to include them in a quotation.

Q713 **Ian C. Lucas:** Is Cambridge Analytica a Facebook developer?

Alexander Nix: No.

Q714 **Ian C. Lucas:** What is your relationship with Facebook?

Alexander Nix: We are a client of Facebook. We purchase advertising through Facebook, as every other digital agency does.

Q715 **Chair:** Mr Nix, I would like to clarify one or two things that you have said, and I have one or two things about Facebook before we move on to other topics. You were asked earlier about Jordanna Zetter's dual role working with SCL and with Cambridge Analytica. Was that dual role created in response to the inquiries from the Information Commissioner

or was she working on that dual role before those inquiries were made to your company?

Alexander Nix: As far as I am aware—and I would be pleased to circle back to the Committee to confirm this—Jordanna Zetter is employed by our office in London to work for Cambridge Analytica. She has no formal role with SCL Group, which is based out of Arlington, Virginia, in the United States. I think, as far as I am aware, she has never even visited those offices and has no relationship with them. She was simply asked to help with the ICO's inquiries into data and data protection. She kindly agreed to act as a liaison in that respect. Should they have any questions—I am not sure that they do or did, but again I would need to confirm that for you—for SCL in the United States, she would pass them on and be the conduit of that, simply because they do not have a relationship with those people. It is purely an administrative role. She is not a senior member of staff.

Q716 **Chair:** If you were able to confirm that in writing we would be grateful for that, and also whether that liaison role was in place before the Information Commissioner's investigation commenced.

Moving on to Facebook, in response to other questions you drew a distinction between being a data controller and a data processor. Could you explain a little bit more to us about that distinction between those two roles?

Alexander Nix: Again, this is certainly not my area of expertise. I run the leadership team, not the data compliance team. My understanding of how this works in the United Kingdom is that the brands that we work with remain the controllers of their own data. That is, if you are a large retail brand and you have collected a lot of data on consumers, you own and are responsible for that data and for looking after it and securitising it and protecting it and all the regulation that governs it. These brands are allowed to engage with companies and agencies such as Cambridge Analytica in order to help them to process or model this data. We perform an analytic function as a subcontractor or as a contractor on this data. We do that work for them, often on their own servers within their own data ecosystem and then we leave. We do not control that data, and we do not have a copy of that data.

Q717 **Chair:** You said in your letter to me that, "Cambridge Analytica does not gather" data from Facebook.

Alexander Nix: From Facebook?

Chair: Yes.

Alexander Nix: That is correct.

Q718 **Chair:** The actual quote from the letter is: "On 8 February 2018 Mr Matheson implied that Cambridge Analytica 'gathers data from users on Facebook.' Cambridge Analytica does not gather such data." But from what you said you do, do you not, through the surveys?

Alexander Nix: Yes, I think I can see what has happened here. What we were trying to say in our letter is that we do not gather Facebook data from Facebook users. We can use Facebook as an instrument to go out and run large-scale surveys of the users, but we do not gather Facebook data.

Q719 **Chair:** By that do you mean that you do not have access to data that is owned by Facebook?

Alexander Nix: Exactly.

Q720 **Chair:** You acquire data from Facebook users through them engaging with surveys and other things.

Alexander Nix: Exactly right.

Q721 **Chair:** Is your engagement, either directly or through any associate companies you may have, just through the placing of surveys or are there other tools or games or things that are on Facebook that you use to gather data from Facebook users?

Alexander Nix: No, simply through surveys.

Q722 **Chair:** We referenced earlier the presentation you gave at the Concordia Conference in 2016 about your work for the Ted Cruz campaign. Were you hired to work for Donald Trump on the basis of your work with Ted Cruz? I imagine you could not have been working for two candidates in the same race, so did you start—

Alexander Nix: Actually we were working for two candidates in the primaries. We were working for Dr Ben Carson's campaign and for Ted Cruz's campaign, and we were seeking to work for Donald Trump's campaign throughout the primaries as well but the Trump campaign did not wish to engage with us other than on an exclusive basis. We had two clients who we were well established with and we were not willing to give those up, so we said to the Trump campaign that, "In the event that you win the primary let's reopen the discussions that we started almost a year beforehand".

Q723 **Chair:** The work that you did for the Trump campaign was obviously after Ted Cruz's campaign had ended. Is that right?

Alexander Nix: Immediately after Trump won the primary—Cruz coming to second to him—we reopened a dialogue with the Trump campaign about how we could take all the technology that we developed, largely for the Cruz campaign, and pivot it across to Trump to give him the same or similar capability.

Q724 **Chair:** Is that what you did?

Alexander Nix: That is exactly what we did.

Q725 **Chair:** In your presentation you said that the Cruz campaign relied on a sort of tripartite strategy where the campaigns were based on understanding behavioural communications, which is where the OCEAN

survey and psychological profiling comes in, data analytics—data from multiple sources where it is available—and then ad data to place the messaging. Is that the same approach you used for Donald Trump's campaign?

Alexander Nix: We would have liked it to have been, but it was not the same approach, simply because when we joined the Trump campaign we had about five and a half months before polling to build or re-engender the entire analytics capability that Clinton's team had and that we had been giving to Cruz. We simply did not have the time and resources to be able to go into the same depth of services that we provided to the Cruz campaign, which we had been working on for very many more months. It was a very extended and protracted programme. We made the decision to focus on the data and analytics elements of the campaign and the tech, digital and data-driven TV elements of the campaign. We did not have time to bake in or to incorporate the behavioural approach, the psychographics that we had used on the Cruz campaign.

Q726 **Chair:** Why not? You said that the psychographic information is based on surveys you have done, which means you believe you have an accurate model for understanding every voter in America. Presumably that database could be migrated to support other campaigns as well. It is not data specific to a particular campaign, is it? It is generic profiling of people.

Alexander Nix: Yes, but then you have to take these data and contextualise them into the campaign that you are working on. Everything that we did for Cruz in that regard was centric around Cruz. We would have to then replicate that for Trump and that would have just been the most enormous piece of work.

Q727 **Chair:** In that case, I don't understand why you were hired. You have made it quite clear in your presentation on your work for Ted Cruz that your model is based on the combination of these different elements. The ad data is about message targeting—the media placement bit of it—but the smart bit is the merging of psychological profiling and data analytics. In fact, what you do here in this country is based on that too. That seems to be your USP. Why would none of that psychological profiling have been used to augment the data in the Trump campaign when that is the way you work?

Alexander Nix: As I said before, the reason it was not used was because we simply did not have the time and resources to include it. If we had had that opportunity, we would have. We did not and we are just trying to be transparent about that fact. To say that the smart bit is simply that would be doing an injustice to the 40 or so PhD data scientists who spent 100 hours a week for five months crunching data and numbers in order to develop the very accurate and insightful models that they did for the Trump campaign.

Q728 **Chair:** The way you sold yourself and what your company did was based on the combination of these elements together. If I was someone in the room that day—the way these conferences work is that you are

effectively there pitching yourself and your company in the hope of winning new business and new clients on the back of it. You have a very clear model and it is quite interesting that one of the three supports of that stall has been taken away to go and work on another high profile campaign. It seems very strange.

Alexander Nix: You can only provide a client, whether it is political or brand, with the services that you are able to deliver within the constraints of the project timelines that you are presented with. You are absolutely correct that, in an ideal world, not only would we have liked to have delivered the services that I spoke about in that presentation but many other services that we have developed across the engagement space, as digital and television in particular, but we simply did not have time. Unfortunately, unlike running a brand campaign where you are selling automotives or toothpaste or something where you don't have the same time pressures, we have a finite amount of time. You have to choose which technologies in your arsenal are going to be the most important and that can be deployed most effectively, and we made a decision.

Q729 **Chair:** In that presentation I think there is a slide on data analytics where you describe that data is sourced from multiple sources and any marketing company will know that there are companies that specialise in data analytics to analyse consumer behaviour. I think on your chart you had logos of different companies. I think Experian was one and Nielsen was one. You had Facebook on there as well. Again, just to confirm on this, is that because you are highlighting the fact that you can gather data from Facebook?

Alexander Nix: Collect data through Facebook—that is exactly right, yes.

Q730 **Chair:** Does any of your data comes from Global Science Research company?

Alexander Nix: GSR?

Chair: Yes.

Alexander Nix: We had a relationship with GSR. They did some research for us back in 2014. That research proved to be fruitless and so the answer is no.

Q731 **Chair:** They have not supplied you with data or information?

Alexander Nix: No.

Q732 **Chair:** Your datasets are not based with information you have received from them?

Alexander Nix: No.

Chair: At all?

Alexander Nix: At all.

Q733 **Ian C. Lucas:** Can I go back to an answer I think you gave earlier? I just

want you to confirm something. Did you say that you had never worked on any political campaigns in the UK?

Alexander Nix: I said that I personally had not been involved in any political campaigns in the UK. I have been with the company for about 14 years and, as far as I am aware, in the last 14 years we have never worked on any campaigns in the UK.

Ian C. Lucas: That is Cambridge Analytica and—

Alexander Nix: Cambridge Analytica was only formed in 2012, so this would have been a company that I worked for prior to forming Cambridge Analytica, which was called SCL.

Q734 **Ian C. Lucas:** By political campaigns, that means general elections. What about for candidate elections for political parties within the UK?

Alexander Nix: Again, as far as I am aware, since I have been in the company we have never worked—we don't seek to work in the UK, for the reasons I discussed earlier. We don't see the UK as a commercial market of interest for SCL or—

Q735 **Ian C. Lucas:** That really puzzles me because there are lots of other businesses that might do work for different political organisations within the advertising sector or within the information sector. Why is it that you are so involved in politics in the US but you are not involved in the UK?

Alexander Nix: I think I have addressed this already but let me explain it again for you. First, we only entered the US market in 2012. We have been running election campaigns since 1994. We take on a number of national elections every year. That could be three, four, five, six, seven elections across the world in every single year for prime ministers and presidents. That could be in Asia, Latin America, Europe, Africa or beyond. We entered the US market relatively recently. We saw a commercial opportunity to bring some of the technologies that we had developed to that market, particularly to help with Republican politics because they were losing the tech arms race, if you like, to the Democrats and that is where the opportunity existed. We have no more interest in servicing the US political market than we do helping political parties in Africa or Asia. Specifically in regards to the UK, as I said before, originally we were a British company with most of our staff based in the UK, and we felt that it would be unfair on our staff for senior management to make a decision about which political party the company supported, especially if that was at odds with the political views of our employees, so we did not want to put them in that awkward position.

Q736 **Ian C. Lucas:** That is very thoughtful, because lots of other businesses don't do that in the UK. Could you tell me who your clients are in the UK?

Alexander Nix: We work for brands in the UK. Although the current impression is that we are a political consultancy, I have tried to explain to this Committee that we are not a political consultancy. We are a technology-driven marketing firm, and the majority of our business is in the brand space. We work for big and small brands, trying to help them

market and sell their products and services to consumers around the world. We also have a government and defence division, which I am very proud of and which does enormously important work in saving lives all over the world in campaigns about issues that really matter. We have a political division, but our political division is only, say, 20% or 25% of our entire business.

Q737 **Ian C. Lucas:** Given your thoughtful approach with your employees about not getting involved in political campaigns, what led you to start to discuss with Leave.EU about getting involved in probably the most contentious political campaign in British history?

Alexander Nix: It was only an exploratory discussion and, as I have said to the Committee already, we have these sorts of discussions with all parties in the UK. Without exception, every single party has approached us, and every single party has asked about our services. We have had these discussions. Some of them have been more protracted than others and we have never engaged with anyone—not on my watch—but it does not mean we are not interested to understand more about their needs and concerns, to understand more about the technology they are embracing and to see what the market is like. This was an example of that. In the end the decision was made not to move forward.

Q738 **Ian C. Lucas:** You are not a partisan political outfit.

Alexander Nix: I don't think we would be particularly good at our job if we were partisan. We try to be objective. We try to walk into a country and service our clients with the best, most cutting edge technology and methodologies available for communications and campaigning.

Q739 **Ian C. Lucas:** Why was Steve Bannon on your board?

Alexander Nix: Steve Bannon was on our board to help a British company to understand a new market that it was trying to penetrate. I can't think of many people who would be better to help a company enter a market, particularly into the Republican space, than somebody who had extensive experience of the commercial and business landscape through his time at Goldman Sachs and the like, who understood the media landscape through other experiences, and who also had a very attuned political knowledge.

Q740 **Ian C. Lucas:** I can't think of anyone who is a more partisan political figure.

Alexander Nix: I can't speak to your—

Ian C. Lucas: Okay, but it does not sit easily with the fact that you are non-partisan in one country but you are massively partisan in another.

Alexander Nix: In the United States, the practice is not to switch sides. You either work for the Republicans or you work for the Democrats. You don't do one election for one and then change sides. That is how the convention is. In other countries, we always give our previous clients first bite and first sight of our services, but if for any reason they do not wish

to engage with us, we are at liberty to go and work for opposition parties and sell our services to them.

Q741 **Chair:** You might be interested to know, Mr Nix, that various people are watching the evidence session. It is being broadcast and people are tweeting about it. Julian Assange has tweeted about it, sharing a link to the session where people can watch it. Has Cambridge Analytica or any of its associate companies ever worked on campaigns to distribute information that has been sourced from WikiLeaks?

Alexander Nix: We have no relationship with WikiLeaks. We have never spoken to anyone at WikiLeaks. We have never done any business with WikiLeaks. We have no relationship with them, period.

Q742 **Chair:** That was not quite the question I asked, which was whether you had ever been involved in advising on or organising campaigns to distribute information that has been sourced from WikiLeaks.

Alexander Nix: We have never been involved in organising or advising on campaigns that distribute data or information from WikiLeaks.

Q743 **Chair:** Arron Banks has also been following the session and tweeting about it. He has invited himself to come and give evidence to the Committee, which we might well take him up on—Mr Lucas suggested that earlier on. If Mr Banks is still watching, if he wants to keep his diary free over the next couple of weeks, we may well be in touch. What he says in his tweet about your negotiations—this potential marriage or courtship that failed—is that, "CA wanted a fee of £1m to start work & then said they would raise £6m in the states. We declined the offer because it was illegal." Is what he is saying correct?

Alexander Nix: Absolutely incorrect.

Q744 **Chair:** That is the second time he has lied, according to you.

Alexander Nix: Mr Banks is at liberty to say whatever he likes, but I don't have to agree with it.

Q745 **Chair:** What he has said in that message is totally untrue?

Alexander Nix: That is totally untrue.

Q746 **Simon Hart:** I have a quick question on the attitude to your staff and not wishing to put them in a difficult position when it comes to choosing campaigns. Do you apply the same principle to which brands you choose to represent? Do your staff have a say? They may feel more comfortable with some brands than others. Do you consult them over that?

Alexander Nix: We always give our staff a choice about which projects they would like to work on. If anyone for any reason does not feel comfortable working on a particular brand, we are happy to offer them the opportunity to work on a different brand. If, for instance—and I keep using the example—you don't believe that the automotive industry is necessarily good for the environment, you do not have to work on it. You can go and work on selling bicycles.

Q747 **Simon Hart:** Likewise, UK employees working on the Trump campaign could also choose—

Alexander Nix: All our employees have that opportunity.

Q748 **Chair:** I wanted to ask you something about data that I meant to ask you about earlier. You gather data from various sources, including from Facebook through the survey tools you have on the platform. Do you retain that data and information unless you receive a request to hand it back or to destroy it?

Alexander Nix: In a country like the United States, we retain that data. Some of that data is purchased and some of that data is licensed, so then you need to either return it or delete it or refresh it.

Q749 **Chair:** When you talk about data being purchased, who are the people you have purchased it from in that case?

Alexander Nix: It is possible to go out and purchase commercially available datasets. There are people who make a living from selling data in the United States.

Q750 **Chair:** Could you give us an example of a company?

Alexander Nix: This would be people who collect data off their customers, for instance.

Q751 **Chair:** Given that Facebook is such a major platform, would that include customer Facebook data that has been gathered by other people that you can buy?

Alexander Nix: I don't know. My understanding—you would have to speak to Facebook and I know you have spoken to Facebook—is that they do not share any of their data, and it would be bad for their business model, I assume, if they did.

Q752 **Chair:** Yes. That is certainly what they said to us in their evidence session. You would hold data that you have acquired on people in America in particular. That data would be used in different campaigns. You might gather that data as part of one piece of work you are doing for one client, and you might even use that data in another campaign if it was relevant to that campaign.

Alexander Nix: Yes. At a high level, yes, but it depends on the data agreement that is signed with the person that you acquire or license that data from. Different datasets might have different licensing regulations.

Q753 **Chair:** In that presentation, you cited the Iowa caucus as being a campaign you have worked on. Could data that you used working for Ted Cruz in Iowa have been used in the Trump campaign as well?

Alexander Nix: Hypothetically, it could have been, yes.

Q754 **Chair:** We have talked a lot about profiling, both psychologically and through data analysis. The third pillar of your presentation was about ad data and ad placement. Do you advise clients not just on how to reach

people and what message they should see, but also how frequently they need to be contacted about a message in order for it to be persuasive?

Alexander Nix: Yes, we do.

Q755 **Chair:** Do you advise on the architecture for distributing that information as well? We have taken a lot of evidence about networks of accounts on Facebook and Twitter in particular that are used and set up to reach audiences and target audiences with information. Would you advise people on how those should be set up?

Alexander Nix: Do you mean physical architecture or are you talking about the balance between different channels and how they are weighted?

Chair: I suppose it is a combination of those things. If you are saying that you give advice on how frequently someone needs to see a message and, let's say, that Facebook is going to be one of the chosen media in order for that message to be seen, do you advise on how that message should be delivered by Facebook? You could just set up a Facebook page with some information on, you could use advertising to supplement the reach of that, or you could use the interaction of other accounts and other pages to bring audiences to that page. Is that the sort of advice you give clients as part of advising them on not just what they should say, but how frequently they need to say it?

Alexander Nix: It is either the advice that we would give them or the work that we would undertake on their behalf.

Q756 **Chair:** We have looked at the role of bot accounts, in particular on Twitter. Is that something that you would advise clients on, how to set up networks of bot accounts to augment messages and make sure that people see them frequently?

Alexander Nix: Absolutely not. That is not something we engage with. It is not something that we would engage with. It goes against everything that we are trying to achieve. What we are trying to do is make sure that the most relevant messages hit the right audiences. The idea that you could use bot accounts to spread messages is contrary to everything we are set up to do. That goes back to the area of blanket advertising and spamming people with irrelevant information. That is not what we do.

Q757 **Chair:** Twitter were very clear when they gave evidence to us that bot accounts can be used for good and bad. There is a bot account in my constituency that tweets the weather every day, which is a perfectly harmless service that someone is providing. The question is what they are for, but clearly any one of these accounts is used to target information at people you want to receive it. It is a targeting tool, not just a broadcasting tool. Is that the sort of advice you give people on how to use these networks of accounts in order to reach the right people?

Alexander Nix: No, it is not. It really isn't, because there would be no need to invest in our services if that was the implementation or the engagement process that you were seeking to use. What we are trying to

do is get away from everything that could be construed as mass communication, spamming or large-scale media engagement. We are trying to make our communications more personal—really personal. We are trying to build the individual relationship between the brands and their customers. I agree with you that bots can be used for good, but it is generally not a technology that aligns with what we have been set up to do and what we have been doing for the last 10 years.

Q758 **Chair:** If you had a client and you were advising them on how to reach their audience and the frequency with which they need to reach their audience with a message, and Twitter and Facebook were the chosen platforms through which that communication would take place, how would you go about planning and developing that campaign and delivering it?

Alexander Nix: What we are trying to do is look at an audience and segment that audience into as many different groups as possible such that we can begin to identify what each of those subgroups in the target audience care about most in relation to a specific product or service or, indeed, political candidate or campaign. Then we start to tailor messaging that can be made most relevant to the concerns, issues, hopes and fears of those particular people, so that we can give them the facts of the matter in the most relevant and personal way. It is about breaking messages down into multiple messages and then nuancing them to make them more relevant.

Q759 **Chair:** I understand the message creation; I am asking about the message delivery. How do you deliver the message to somebody with the media that you use?

Alexander Nix: In the instance of Facebook, we are able to take these offline segments, and we can match them to cookies and target the specific adverts that we have made for that group of people, whether it is 100 people or 100,000 people, and serve that message to them through their cookies.

Q760 **Chair:** Through cookies on any site?

Alexander Nix: On Facebook or any other platform.

Q761 **Chair:** Given that Facebook is a closed platform, how do you do that? Do you go to Facebook and say, as other advertisers would do, "We have got this campaign. We want to target Facebook users. This is the profile of the people we want to target"?

Alexander Nix: Exactly that. It is an anonymised match based on a target profile that we have developed through our data analytics.

Q762 **Chair:** Then you just pay Facebook in the ordinary way for targeting those people?

Alexander Nix: Exactly that.

Q763 **Chair:** Do you gather data that enables you to plan campaigns that might be targeted at people who have certain religious beliefs or come from a

certain ethnic background or hold certain political opinions?

Alexander Nix: In our campaigns we are trying to get away from demographics. We are trying to look at people based on their fundamental drivers and, in the case of politics, this is about who is likely to be supporting a Republican versus a Democrat and what issues are most relevant to those audiences. I don't think that targeting in the way that you have implied is going to help us.

Q764 **Chair:** If someone came along and said, "I want to run a campaign that is going to be particularly relevant to people that I think are voting Republican but have very strong religious beliefs", would you say, "We can create that campaign for you because we not only understand people's political motivations but we also can identify people with strong religious beliefs because of the profiling we have done on them"?

Alexander Nix: I think that would depend very much on the data that we have access to or have already gathered. I would not be able to answer that question specifically, but hypothetically it would be possible if you had enough data, say on evangelical Christians in America, to have a look at that audience and see if there is a correlation between that and some political agenda.

Q765 **Chair:** These sorts of data are gathered that theoretically makes it possible.

Alexander Nix: It certainly is not gathered by us, but obviously there are very large church organisations and religious organisations that might have access to these types of data.

Q766 **Chair:** We have talked a lot about America and I appreciate the data laws in America are different and, in some ways, I guess that makes what you do easier in America than it does in the UK. What steps do you take as a company to make sure that you are always fully compliant with UK data protection laws?

Alexander Nix: Data is the core of our business and so we take data incredibly seriously. We have an in-house data compliance team who are working continually with the legislators not only to help understand the laws, but to help inform on data legislation and how it could be updated and kept forward. We anonymise and encrypt all data that we receive from clients, and we would like to believe that we are very much at the cutting edge of the technologies behind both of those services. We do not store data locally on devices in order to mitigate the possibility of data breaches and so forth. Internally, we have our policies on how we treat data and so forth. It is something that we have given a great deal of consideration to and something we take incredibly seriously.

Q767 **Chair:** When you say you are at the cutting edge of this industry and the way you use that data is part of being at the cutting edge of that, what sort of data processing do you do? You say you are receiving raw data but then you are organising it in some way to make it more relevant. Can you explain a bit more about how that process works? What would you consider to be an ethical use of that data being processed in such a way?

Alexander Nix: Certainly. We are not a data miner or a company like that. We are a data analytics company, so our job is to turn data into insight—to take very large datasets and try to identify patterns in that data and to use the data to make predictions about audiences. We are just trying to run algorithms on the data to try to find meaning in it.

Q768 **Chair:** Is it fair to say that there would be many people who have given their data to you who are not aware that their data is being used in this way and that they could be targeted in a way that they would never have expected, because they do not understand that that is how their data can be not only gathered but processed and then used to support other campaigns?

Alexander Nix: There are several answers to that. The first answer is that these are not particularly intrusive data. This is not like someone has given up their health data or their financial data or their private data. These data are commercially available, as I have said. These are data on your consumer and lifestyle habits: what car you drive, what magazines you read, whether you have Weetabix for breakfast and the like. I think most people understand that there is a reciprocity with large brands whereby they agree, for instance, to receive a loyalty card and get discounts and offers on products and services from that company. Most people understand that their data is being taken in return to help that brand to drive its marketing. Let's say that large UK supermarkets—Tesco or Sainsbury's—all have these types of things. People are not naive. They understand that reciprocity and they say, "If people find out whether I buy a loaf of bread and a pint of milk and I get 10% discount off, that is a fair trade-off".

What is this going to look like in the future? I think that the landscape is changing, clearly with GDPR coming in. What we are seeing is that people are going to want to have more sovereignty over their data and are going to want to see a greater reciprocity of how their data is used and greater control. I think that is very healthy and something that we are investing very heavily in and look forward to. It is going to improve the data landscape, improve how data can be used where people say, "Okay, I recognise that my data has a value and why should other companies simply benefit from that? Why should I not be a participant in receiving some of that remuneration?"

Q769 **Chair:** Do you not see there is a big difference here between saying, "I understand that you like a particular brand of car and, therefore, I am going to send you information about other brands of car that are similar and you might be interested in because we know you like a certain type of car"—which I think people understand as it has been a marketing technique or a direct marketing technique for very many years—and saying, "Because of the information I have gathered about you, I know how to make you frightened"? Isn't that a very different proposition?

Alexander Nix: These are only opinions we are looking at. You can go and speak to people yourselves and you can form an opinion based on those conversations about what might be the most relevant information

to them. All we are doing is looking at data and making our own personal opinion about what we think is going to be important insights from that data.

Q770 **Ian C. Lucas:** Can you help me a little with these surveys that elicit information from the people who fill them in? I have filled in a couple of these surveys online over the years but to my knowledge I have never filled in a Cambridge Analytica survey. When you are eliciting information, what does it look like on a platform? What does it look like on a Facebook platform?

Alexander Nix: It might start with basic demographic information: your name, your age, your gender.

Q771 **Ian C. Lucas:** Does it say who is asking?

Alexander Nix: That will obviously depend—I am sure you have seen an opinion survey in your life. They are all fairly similar. They follow a fairly standard structure, which is generally establishing who you are speaking to and then asks you some questions.

Q772 **Ian C. Lucas:** Does it say it is from Cambridge Analytica? Would you ever present a survey on Facebook as saying, "This is a Cambridge Analytica survey. Please give us this information"?

Alexander Nix: We have done and we do, but it depends what the purpose of the survey is.

Ian C. Lucas: I have never had one.

Alexander Nix: I think we rolled out 350,000 to 400,000 surveys a month for the Trump campaign in the United States over a five-month period. These were being done on and behalf of the Trump campaign and that was the label of the survey. The fact that we were helping them to gather these data was less relevant.

Q773 **Ian C. Lucas:** I think it is important that people know who is asking. You have just said that was for the Trump campaign, and I think that is entirely legitimate and fair, but when individuals fill in a survey, do you think they should be told who is the client, who is the person asking them and where the data is going?

Alexander Nix: I can see no reason to obfuscate that truth. These are entirely voluntary surveys. If someone knocks at your door and says, "Could you fill out a survey?" you don't have to undertake that. They might say, "Who is this for?" and you say it is for cancer research.

Q774 **Ian C. Lucas:** I am not sure that people understand what their data is being used for.

Alexander Nix: I think I would disagree with that. Most people understand that data is being gathered. You are not filling in a survey simply for your own entertainment. I think they do understand that the companies that are collecting this data must be using it for something.

Q775 **Ian C. Lucas:** When you obtain that data for a particular client, do you retain that data as Cambridge Analytica and then use that as a resource for other clients? Is that what you do?

Alexander Nix: As I have already mentioned to your colleague, that depends entirely on the relationship that we have with the client and also the territory that we are operating in and what the legislation is. It is case by case.

Q776 **Ian C. Lucas:** Let's talk about the UK. If you collect data for an individual client as Cambridge Analytica, do you use that data for another client?

Alexander Nix: The client data that we collect for clients in the UK belongs to the clients, who are ultimately the data controllers. We are just processing or, in this case, collecting, which is part of the processing function for these clients.

Q777 **Ian C. Lucas:** In those circumstances, you never collect data yourselves as Cambridge Analytica? You only collect it for clients?

Alexander Nix: In those circumstances, yes.

Q778 **Ian C. Lucas:** But you do collect data for yourselves sometimes?

Alexander Nix: For instance, Mr Collins filled out a survey on our website, or nearly filled it out. That would be data we are collecting for ourselves.

Q779 **Ian C. Lucas:** That is very clear, but within the UK you would need the consent of the individual who is supplying you with the information in order to transfer it to another client.

Alexander Nix: That is correct.

Q780 **Ian C. Lucas:** But that would not apply in the United States.

Alexander Nix: Again, it might apply. Some customers might say specifically, "Our data is our data. Do not share it" and that comes down to the discussion you have with them at the time you engage with those clients about how they want their data treated.

Q781 **Chair:** Mr Nix, the purpose of your surveys is to support psychological profiling of people, isn't it?

Alexander Nix: The purpose of our psychological surveys is to do that but, as I just mentioned, we were undertaking up to 400,000 surveys a month for five months. These were not psychological surveys at all. These were just political surveys trying to understand what issues were most relevant to which audiences and to help us understand our resource allocation, our targeting, our messaging and so forth. They were nothing to do with that.

Q782 **Chair:** I appreciate the questions are being framed in that way, but the way the OCEAN process works is to analyse people's answers to different sorts of questions and, from that, to develop a profile of the sort of person they are, the world view they have, what their motivations are,

what makes them happy and what makes them sad.

Alexander Nix: The OCEAN methodology was simply one of many methodologies that came out of experimental psychology to help understand behaviours. Your Government have an—I am going to get this wrong—institute of behavioural science that they use to help understand how to increase people's tax payments or to encourage people to reduce smoking and so forth. All they are doing is taking academic literature in order to understand audiences in order to increase compliance, often for very importance issues.

Q783 **Chair:** But if from your surveys you are saying that we know someone is frightened of crime and they have concerns about gun use and about whether Hillary Clinton is weak on crime, what you are doing is building up a psychological profile of someone and you are using that data to target them with a message. That is the purpose of these surveys.

Alexander Nix: If you can identify that an audience group is frightened of crime and that is really important to them, you can then share with these audiences your candidate's policies on how they intend to tackle crime and how they intend to address a major fear of those constituents, and I think that is really healthy. These people have an identified problem—they are frightened of crime—and you are able to say to them, "Don't be frightened of crime because look what our candidate is going to do. We have set out our policy. This is our position on crime," and you make sure that that information gets to the people for whom it is a worry. That has to be good.

Q784 **Chair:** You could send a message saying, "You are right to be frightened of crime because the other candidate is weak on crime and if they win you and your family is in danger". I think anyone would recognise that as a kind of psychological profiling. You have other layers on it as well, such as, "Are you frightened about immigration? Is immigration the cause of crime?" We saw a lot of messaging like that around the referendum campaign here as well. That is not just data analytics and people answers to individual questions; that is using that data to build up a psychological profile of individuals and then target them, isn't it?

Alexander Nix: I can't speak to the UK referendum but—

Chair: It applies to any election or any campaign, and it certainly applies to the American campaign.

Alexander Nix: I think I have made my position clear, which is that we are trying to make sure that we can use data to understand what people care about and we can seek to address those concerns. If those are fears, we can allay those fears by telling audiences how we are going to solve those problems and that has to be good.

Q785 **Simon Hart:** If you can identify a section of the audience that is expressing some concerns, perhaps about immigration or gun crime or whatever it is, are you arguing that what you do is help to allay those fears or is it the accusation that has been made that all you do is oxygenate those fears in order to suit the guy who is paying you the big

fee? Which of those accusations is correct? You are making it sound like you are doing a public service.

Alexander Nix: We are doing a service to our client. Our job as a campaign consultancy is to make sure that we provide the best communication technologies and methodologies in order to allow our clients to get their messages across.

Q786 **Simon Hart:** I am sorry, I did not put it very clearly earlier on. Is that the same thing as when you identify an area where fear may be a factor? Are you saying that you do not contribute to exacerbating that fear, you do not then develop messages that make people perhaps more fearful than they previously were, rather than less fearful?

Alexander Nix: I think you need to look at campaigning over the last 100 years. Negative campaigning is a part of every campaign regardless of the technologies that are being embraced at any given time. The ability for one candidate to stand up and say, "You know what, under this particular candidate or political party the country is going to be worse off. You are going to have less money in your pocket, you are going to have more crime," is just an integral part of the political process.

Q787 **Simon Hart:** That is true, but they are the candidates, they are the name on the ballot paper.

Alexander Nix: And their campaign teams are doing exactly the same and you well know that, as does everyone in this room. Extolling the virtues of your candidate and the weaknesses of your opposition is a fair practice in political campaigns globally.

Q788 **Simon Hart:** In countries that have similar electoral rules as this country, and they vary significantly, how do people account for your fee when they are making their declarations over election or referendum expenditure? Into what detail do they necessarily go? I accept that you may not be able to answer that.

Alexander Nix: If it is their responsibility to report on their fees in their own country, the onus is on them to do so.

Q789 **Simon Hart:** Are you ever asked to explain or to provide some kind of a brief description of what the service actually is or do you simply—

Alexander Nix: At its broadest level we are providing campaign consultancy and communication services, but if anyone wanted more specific details, we are more than happy. The contracts that we engage in are based on a statement of work that is mapped out with the client and these are well documented. It would be very easy for us to point to these agreements that detail exactly what areas we are working on.

Q790 **Simon Hart:** You mentioned that you have 4,000 or 5,000 data points on every adult in the United States—the entire voting population. Does every adult in the United States know that you have 4,000 or 5,000 data points on them?

Alexander Nix: I can't speculate on what every adult in America knows. That would be absurd.

Q791 **Simon Hart:** It is very closely related to the earlier question about the extent to which people—you say you are not a data miner. How do you acquire that vast quantity of data without a certain amount of mining? Is it not a responsibility of yours to be able to ensure that the population is aware that vast quantities of their data, personal and otherwise, is held by you and used for electoral purposes?

Alexander Nix: We have made no secret of this fact, as you all know, because you have referenced at least two occasions that I have stood in a public forum and talked about the methodology that we use. That includes the data that we underpin it with. I think we have been pretty consistent.

Q792 **Simon Hart:** But you said you were not a data miner?

Alexander Nix: Well, we are not because there are companies out there whose singular purpose is to go out and collect and aggregate data, as Mr Collins said. With his background, he is very familiar with the experience in the Axioms and Infogroups and other very large companies who have hundreds, or indeed thousands, of employees whose singular job is to sit on the phone and speak to companies and acquire their data, match it together, hygiene it, put it into a database and record, such that they can then license these data to companies like ours. All we have done is gone to all the vendors, large, medium and small, and taken these data and put them into one database and record.

Q793 **Simon Hart:** That then excuses you from the accusation that you are a miner? The fact that you are just mining what other people have mined does not contradict in any sense what you said earlier on?

Alexander Nix: I don't like the word "accusation" because that implies that we are doing something wrong. This is an established business in the United States, which is selling data, and we, like many or most brands and many or most agencies, are able to go out and license these data for marketing purposes.

Q794 **Simon Hart:** At no stage was I suggesting there was anything illegal about it. I was simply saying that you make a virtue out of the fact that you possess probably more data on the entire voting population of the United States, thereby making a political point, than anybody else in the market. My question was simply to the extent to which that is known about—I know we know about it, we are talking about it here—and the extent to which the individual voters know exactly how and would have access to that information should they require it. If they come to you, you would be able to disclose the 4,000 to 5,000 data points that you possess. If I was an American citizen, would you provide me with those 4,000 to 5,000 data points were I ask you for them?

Alexander Nix: Let me address your first question. We are incredibly proud of the fact that we walked into one of the most competitive political markets, if not the most competitive political market, in the world as a

small British tech company and were able to develop the sort of technologies and methodologies and bring them to market so effectively. This is going to help the communications landscape way beyond politics. It is going to help in advertising and marketing and make it more relevant and much more economical. In terms of what you have asked about American people undertaking what we call in Europe a subject access request, the legislation is not currently in place in America for them to do that, but were it there, we would be able to provide exactly the same service that we provide for companies in the UK and across Europe. Following GDPR, we will be providing that for very many businesses to help them manage their own data as they seek to be compliant with the new legislation that is being implemented.

Q795 **Chair:** Mr Nix, when Leave.EU applied for designation to the Electoral Commission to be the official leave campaign, it named Cambridge Analytica in its designation document. Why was that?

Alexander Nix: I was not aware of that but I can only assume, as I mentioned before, that they felt that associating themselves and aligning themselves with Cambridge Analytica would give them extra credibility and leverage in trying to compete in a bidding process where they were clearly the underdogs to be the designated campaign.

Q796 **Chair:** Has the Electoral Commission raised this with you as part of its investigation?

Alexander Nix: No, it hasn't.

Q797 **Chair:** That is slightly strange. It is doing an investigation looking at Leave.EU's activities in the referendum. Your company is cited in their designation document as being someone they are working with and it has not asked you about that.

Alexander Nix: Again, let me circle back to you, but I have not been asked that question. I can certainly find out for you whether my data compliance team or colleagues have been asked it. I would like to think that this inquiry has been going on for some time and we are delighted to help because we really want to make it clear that we did no work, as I have been trying to do today in this Committee. I am hopeful that the Electoral Commission and the ICO have taken on board the evidence that we have presented to them and that they are going to arrive at the same conclusion as I hope you will, which is that we were not involved, therefore we can't speak to these things.

Q798 **Chair:** That itself is a matter for the Electoral Commission. It is not something we are investigating but it is just another point of information that is out there in the public domain that links the two of you.

I have a few follow-up questions and then I think we will be done. If you were conducting 300,000 to 400,000 surveys a month for the Trump campaign over a five-month period, so let's say nearly 2 million surveys, do you or your associates hold the data that was gathered from that exercise?

Alexander Nix: These data belong to the Trump campaign.

Q799   **Chair:** Okay, so you don't have any ongoing access to that?

Alexander Nix: Again, I will circle back to you on those specific pieces of research, because I don't know what the data-sharing agreement was with the campaign on that specific piece of research. Generally these would belong to the campaign, but if they have permissioned us to retain a copy of them, we would have a copy of them.

Q800   **Chair:** Thank you. Presumably with the Cruz campaign, you did have permission to have a copy of the data, because you said some of the data from the Cruz campaign could have been used in the Trump campaign.

Alexander Nix: That is correct.

Q801   **Chair:** From a layman's point of view, how is this data held? The data must exist in a form that means it can be used for one campaign and then repurposed for another campaign. Do you have data storage centres where you keep this data or how does it work?

Alexander Nix: That is right. Some data is stored in secure facilities and some is stored in the cloud, depending on how we need to access it.

Q802   **Christian Matheson:** You took on Sophie Schmidt as an intern. Why did she want to come and work for you?

Alexander Nix: You are going to have to speak to Ms Schmidt about that. I can't speculate.

Q803   **Christian Matheson:** When you were interviewing her, did you not say, "Why do you want to come and work for us?"

Alexander Nix: I would like to think that we were a company that she found interesting and exciting to work for.

Q804   **Christian Matheson:** When she went back to America, is it likely she then introduced you to some of the senior players or the better known players in the tech world, such as her father, who is the boss of Google, and Peter Thiel, who is obviously very well known in the area as well? Did she introduce you to Peter Thiel?

Alexander Nix: No, she did not introduce me to her father and she did not introduce me to Peter Thiel. That is not correct.

Q805   **Christian Matheson:** She has now gone to work for Uber. Have you shared any data from Google? Has Google given you any data?

Alexander Nix: As far as I am aware, Google, like Facebook, is a walled garden and does not share its data. It certainly has not shared any data with us.

Q806   **Christian Matheson:** That is you, as in Cambridge Analytica and SCL.

Alexander Nix: That is us in the broader sense of the word.

Q807   **Christian Matheson:** What about Uber? Have they provided you with

any data?

Alexander Nix: We don't work with Uber at the moment.

Q808 **Christian Matheson:** Did you previously?

Alexander Nix: No, we have never worked with Uber.

Q809 **Christian Matheson:** Okay, so there has not been any sharing of any data from Uber to any of your companies?

Alexander Nix: That is correct.

Q810 **Christian Matheson:** Thank you. Can I talk about the process here? You must deal with huge amounts of data, and the Chairman was asking about the way that you hold it and manage it. When you bring it all together, do you aggregate it yourself or do you use a company? Do you buy in aggregation services?

Alexander Nix: No, we do it ourselves. That is part of the service that we offer to our clients, and we do that both manually and have products that we have developed to automate some of that functionality.

Q811 **Christian Matheson:** Have you ever used a third party in the past to do that?

Alexander Nix: Never.

Q812 **Christian Matheson:** What is your relationship with Aggregate IQ?

Alexander Nix: We have no relationship with Aggregate IQ. We have historically used Aggregate IQ to develop some software for us. It was a standalone project that lasted about six months, possibly, in 2014. My understanding—I will have to check this—is that we have not had any communication with them since early 2015.

Q813 **Christian Matheson:** There was a licensing agreement in September 2014. Is that what that was?

Alexander Nix: That is right, yes. They built a small piece of software for us, as a software development company.

Q814 **Christian Matheson:** I have a diagram of the structure of the group, and it seems very complicated, with a bit of ownership here and a bit of ownership there and some shareholdings here and there. In section 10 of the latest accounts of SCL Elections Ltd there was a £24.2 million payment. Does this relate to the 19% of Cambridge Analytica in America LLC that is owned by SCL Elections or is it payment for work that would have been undertaken by SCL Elections?

Alexander Nix: You are going to have to help me understand the relevance of the question of ownership of a private company to this inquiry into fake news, data and communications.

Q815 **Christian Matheson:** Fake news obviously is the content that is being put out there, but it is also a question of the delivery method and how fake news is propagated. The structure of your companies is such that it

is not quite clear not only who is owning them, but who is propelling that means of delivery. I am just quite curious.

Alexander Nix: We have never published a structure of our company, so I don't know what you are looking at or where that has come from, but as a private company we don't speak about our structure, our investors or our board members. If you would like more information on this, we might be able to take this out of the public forum in the interests of helping your Committee, but I don't think that is something I want to share today.

Christian Matheson: Okay. I will leave it at then. Thank you.

Q816 **Paul Farrelly:** You said that you had worked across the world in political campaigns. Could you tell us a little bit more about where else in the world?

Alexander Nix: Again, in the interests of our clients, as a rule we do not speak about client contracts unless we have the specific permission of those clients, and that includes commercial, Government and political contracts. What I can say is that we undertake eight or nine elections every year, and we are not limited by geography, so this really could be from the Caribbean to Asia to Africa to Europe or everywhere. Some of these are very large, very important national elections and some are smaller, more local mayoral or state elections. It is really anywhere that you can think of.

Q817 **Paul Farrelly:** For the Ukraine?

Alexander Nix: Potentially.

Q818 **Paul Farrelly:** Have you?

Alexander Nix: Well, as I said, we do not talk specifically about clients but there are elections coming up in the Ukraine in the future. If there is a good commercial opportunity there, we might look at it. I would have to speak to my elections team.

Q819 **Paul Farrelly:** Would you work for anyone?

Alexander Nix: I think I have already addressed this. We only work for mainstream—

Paul Farrelly: One person's despot might be one person's hero, but generally there are certain people who are unsavoury.

Alexander Nix: We work for mainstream political parties. We try to work only in free and fair democracies, and we also have to be mindful of our other divisions. As I have already told this Committee, we do an awful lot of work for the British Government, the US Government and other allied Governments. If there is any question whatsoever about a client that we might take on in the political sphere, or even in the commercial sphere, we always discuss this with the relevant parties in the US and in the UK— so that would be the Foreign Office or the State Department—saying, "We have had an inquiry to work in this country. Do you have any objections

to this?" It is in the interest of us to make sure that we are not building a business over here that could damage our part of our business over here.

Q820 **Paul Farrelly:** With candidates and parties, would you work for campaign organisations such as super PACs?

Alexander Nix: Yes, we have done a number of campaigns on behalf of super PACs.

Q821 **Paul Farrelly:** All on the Republican side?

Alexander Nix: That is correct.

Q822 **Paul Farrelly:** What about campaigning organisations like the American Enterprise Institute? Would you work with that sort of organisation?

Alexander Nix: Actually, I am not familiar with them, but we do work for organisations and lobbying and advocacy groups across America. I can't speak to them, but I can speak to other ones.

Q823 **Paul Farrelly:** We have only the briefest biography of you that starts with Manchester University and ends with you joining SCL in 2003. How did you get into all this? How did you get into this line of business?

Alexander Nix: A huge interest, I think. Fundamentally, I was working in corporate finance, which I did not find particularly fulfilling.

Q824 **Paul Farrelly:** I was the same, actually. Where were you in corporate finance?

Alexander Nix: At a small UK merchant bank up the road from here, and I was looking for an opportunity to work in a slightly more relevant and fulfilling occupation.

Q825 **Paul Farrelly:** You are not a data processing PhD yourself?

Alexander Nix: I am not a data PhD myself.

Q826 **Paul Farrelly:** What qualifications do you have?

Alexander Nix: In terms of this company, I lead a management team so I don't need to be qualified as a data scientist. I need to be qualified to run a business.

Q827 **Paul Farrelly:** Lots of people in corporate finance are accountants or lawyers or, like me, none of them.

Alexander Nix: As the CEO of a company, you know perfectly well that there is so much you can learn in school and then there is a lot you can learn in life. We have been doing this for many, many hours a week for many weeks and for many years now and hopefully the fruits of that labour are beginning to come together.

Q828 **Paul Farrelly:** Did you start off as a lawyer or an accountant or just a generalist?

Alexander Nix: No, neither of those, just a generalist.

Q829 **Ian C. Lucas:** Do you exercise any editorial control over the messages that your clients send to, for example, electoral and political campaigns?

Alexander Nix: All the messages that we propose to campaigns are signed off by the campaigns themselves and go through campaign legal. There is an internal compliance structure to make sure that we are not infringing any legislation of the FEC or any other body that might be governing the work that we do.

Q830 **Ian C. Lucas:** You propose messages as part of your role. In other words, the initiative comes from you and then it goes to the campaign.

Alexander Nix: That is correct. We interpret and draw insights from the data, and we use those insights to devise the messaging strategy and the messaging content. We then share these messages and content with the campaign, and we discuss our strategy with them. Often there is a dialogue about that and some tweaks are made. We then push that through legal and compliance. They will give us their feedback and ultimately the messages are disseminated.

Q831 **Ian C. Lucas:** Presumably the campaign makes proposals to you and a similar process continues. In other words, they would have an idea for a message that they wanted to deliver to the elector and they would present that to you. Would that be a situation that arises?

Alexander Nix: It might well do and then we might go out and roll out one of those surveys that I talked about. We can go and test that message, or A/B test it, digitally for instance, and we could give them empirical feedback about which message was likely to perform better, how it should be run and who should be targeted.

Q832 **Ian C. Lucas:** Have you ever rejected a message from a campaign on ethical grounds?

Alexander Nix: We run possibly thousands. I think in the last election in the US we ran 4,000 different advertising campaigns—about 1.4 billion impressions. We served for five months. I cannot speak to that.

Q833 **Ian C. Lucas:** Can I just say why I am asking you the question? You have been very keen to emphasise the benevolence of the role that your company is performing, fulfilling the public good of informing electors about particular candidates and making campaigns relevant. But we are all grown-ups, here. We are all politicians on this side of the table. We know that there is negative campaigning and there is positive campaigning, and one of the dangers of mass communication in this format is reinforcing, for example, very negative stereotypes. Do you agree with that?

Alexander Nix: As politicians who understand campaigning, I think you will also understand that winning elections is not about reinforcing prejudice on either side of the political spectrum. There is no point in telling hardcore Republicans how bad Clinton is and how good Trump is, or vice versa. It is about correctly identifying the people that sit in the middle—the persuadable or swing voters—and presenting to them very

well articulated facts on the particular policies and issues that they care about most, so they can begin to make their opinions.

Q834 **Ian C. Lucas:** I agree with all of that, but it is also about finding those same people and maybe reinforcing fears that they have, or perhaps it is about emphasising bad aspects that they may possibly believe and that could be reinforced. That is another way of persuading people in different directions.

Alexander Nix: In the case of negative campaigning, you would be right, and in the case of positive campaigning, it would be about emphasising the hopes they have—aka Obama 2008.

Ian C. Lucas: Absolutely.

Alexander Nix: It works both ways, and we are no strangers to positive and negative campaigns.

Q835 **Ian C. Lucas:** I am talking about one particular way and, as you know, this is about fake news. The reason I am asking you has there ever been an ethical reason why you have refused to run a particular ad is because I am aware of examples of campaign ads that I would not use in my campaign, and I am a politician. Are you aware of any example of that kind, where Cambridge Analytica has said, "We are not going to do that"? This is very relevant to the question of fake news.

Alexander Nix: I would like to say to you, sir, that I am sure there are dozens of examples, but—

Ian C. Lucas: Can you go away and bring us some?

Alexander Nix: To go through the 1.4 billion impressions that we served in last year's US elections, look at each one that we served, look at all the ones that we rejected and come back to you would not be a reasonable request to put on us.

Q836 **Ian C. Lucas:** What level of control is there over the ads that you project to people?

Alexander Nix: I just discussed this with your colleague. The adverts that we propose to the campaign are shared with the campaign and the campaign signs them off. That goes to legal, and legal and compliance need to sign them off. There is a process. There are checks and balances.

Q837 **Ian C. Lucas:** Can you please give one? I am not asking for 1.2 million.

Alexander Nix: Billion.

Ian C. Lucas: Okay, billion. I am asking for one example. Are they all different from each other?

Alexander Nix: Yes.

Q838 **Ian C. Lucas:** Every single one is different?

Alexander Nix: No. There were some 4,000 campaigns that were different.

Q839 **Ian C. Lucas:** All I would like to see is one example of an ad where Cambridge Analytica said, "We're not going to allow this to go out. We deny this".

Alexander Nix: That is certainly something that we will look into.

Ian C. Lucas: Thank you very much.

Q840 **Chair:** Thank you, Mr Nix. Just a couple of final questions. We have spoken quite a lot about the way in which you store, manage and gather data, and how you seek to comply with the Data Protection Act in the UK. Rather than going through any further detail today, perhaps you would be able to write to the Committee to set out what your policies are on how you source data, manage it, share it with third parties, and how you ensure that you do so in compliance with the Data Protection Act?

Alexander Nix: Certainly. We will get back to you on that.

Q841 **Chair:** You know that Julian Assange claimed that Cambridge Analytica approached WikiLeaks to work with them and that they rejected the offer. That is a statement that he has put out. I know we touched on this earlier, but can you confirm whether any approach has ever been made to Julian Assange by Cambridge Analytica?

Alexander Nix: Yes, certainly. I would be happy to speak to that as I did, I think, in front of a very large audience in Lisbon last year. This was at the time, as you will remember, when the newspapers and the news channels were reporting that Julian Assange had access to a large quantity of information that could be incredibly relevant to the outcome of the US election. We read about these claims. We had no idea, as no one did, whether this was true or not so we simply reached out to a speaking agency that represents him—that was the only way we could find to get hold of him—and said, "Would you pass him a message commenting on this and asking whether he would like to meet to discuss this?" and we received a message back through this third party, the intermediary, saying no, they would not. That was it. We, like probably every other journalist in this room, were very keen to find out what was in these data and whether they would have an impact. We were all disappointed.

Q842 **Chair:** You said earlier on that you gathered this large amount of data for the Trump campaign as part of the survey work that was done and that you will write to us to say whether that was data that you held or the campaign held. If that was being gathered by you, obviously on behalf of the campaign, would other people in the campaign have access to that data and the ability to share that with third parties without your knowledge?

Alexander Nix: Quite unlikely. Hypothetically, anyone could possibly have taken advantage of that but they would have had to have been someone on the inside who had taken the data illegally.

Q843 **Chair:** Yes, but while you do not know that is the case, it would be technically possible, even if hypothetical?

Alexander Nix: It is technically possible—and I am certainly not suggesting this—that an employee may have illegally taken the data and passed it elsewhere, yes.

Q844 **Chair:** Thank you. Again it is relevant to our question. I know that it is a case relating to America, but to have some written evidence from you about the protocols you have for data management and how you can make sure that you keep people's data secure, and do so without being in breach of the Data Protection Act, would be very helpful.

Finally, on other countries where you have worked, have you ever worked in Russia or on behalf of Russian companies or organisations?

Alexander Nix: We have never worked in Russia. As far as I am aware, we have never worked for a Russian company. We have never worked with a Russian organisation in Russia or any other country. We do not have any relationship with Russia or Russian individuals.

Q845 **Chair:** If a Russian company came along and said, "Would you work for us?" would you do it or would you reject that?

Alexander Nix: There are many companies in Russia that are stand-up companies doing normal and fair business, so we would have to evaluate that but, given the current climate, I do not think that would be necessarily our first client of choice.

Q846 **Chair:** Would you ever work on political campaigns in a third country on behalf of someone else?

Alexander Nix: We have worked on advocacy campaigns and we have worked on communication campaigns that have been for the benefit of other countries who wish to target other audiences. For instance, if the UK wants to drive tourism in America, we might do a campaign for the Government here. As a general rule, however, we look at these things very carefully.

Q847 **Chair:** A totally hypothetical example—not one that I have been given but a hypothetical—is the referendum in Catalonia last year. If, say, a commercial entity said, "I have a big interest in the outcome of that referendum because that region is commercially important to me. I want to run a campaign within that region that would encourage people to stay as part of Spain," would you take on a project like that as a UK-based or American-based business, working maybe for a company in another country but targeting voters in yet another location?

Alexander Nix: In that hypothetical instance, we could not necessarily engage with a company, but if the company had an arrangement with a political party, and that was between them and they wanted to help that political party and the party brought us in, again those sorts of discussions would be outside of our remit and they would never need to involve us. We would be engaged by a political party. If they had a relationship with a business or another third party regarding financing, dependent on the regulations in their particular country, that might be possible.

Q848 **Chair:** Obviously it depends on the legislation because you could be in breach of electoral law to be receiving funding from a third country to conduct political campaigns in another.

Alexander Nix: Absolutely. That is why, again, we look at these things very carefully. We have an in-house legal team. We have external legal teams. We choose our clients very carefully. We would never want to put ourselves in a position like that. Of course not.

Chair: Thank you. I think that concludes our questions this morning. Thank you very much for your time.