Procurement Block S1E10 Charles Gaddy

April Harrison 00:03
Welcome to Procurement Block, a podcast all about digital transformation in procurement and supply chain and how blockchain, risk management, and change management all factor in. I'm your host April Harrison, Marketing Director for Trust Your Supplier. I'm a procurement novice eager to learn more from the people who are at the forefront of procurement innovation. On today's episode, I am being schooled by Charles Gaddy. Charles Gaddy is the Co-Founder and Chief Strategy Officer at Global Data Consortium (GDC). With 25 plus years of experience in information technology, product management, and sales support, Charles's focus at GDC is to expand the global coverage of the platform to meet the needs of customers as they expand into new international markets. Charles' past positions in the FinTech InsurTech spaces include Vice President of Product Management, Alliance Manager, and Director of Information Technology. He has specific experience in banking, insurance, and direct marketing technologies, as well as substantial experience in the data quality sector. Charles attended North Carolina State University, and he and his wife have three children. Charles brings his experience in the field of identity verification, and his worldliness of chocolate, to our conversation on digital identity. Learn the basics of digital identity, why it's important, how it's verified, and how to protect your individual and company's digital identity now, and in the future. Charles, welcome to the podcast. You are just down the road for me here in North Carolina.

Charles Gaddy 01:52
Yes, I am. Thank you for having me here today. I don't know exactly how far but it can't be too many miles.

April Harrison 01:58
Well, I think we went to rival universities. I'm a Tar Heel.

Charles Gaddy 02:01
Yes, I went to North Carolina state. And I'm just glad that you as a Carolina fan said it was a rivalry.

April Harrison 02:07
Well, you know, a good rivalry is so much fun.

Charles Gaddy 02:09
Thank you for having me today. I'm looking forward to to a little chat.

April Harrison 02:13
Can you tell me a little bit more about yourself? What kinds of things you enjoy outside of work?

Charles Gaddy 02:18
So yeah, so there's, it's funny that there's a definition of what I enjoyed outside of work before I had kids, and after I have kids, so I have three kids, ranging from four, nine and 13. So a lot of my hobbies outside of work right now consists of driving people to an AAU basketball game or a soccer game or a piano lesson or ballet or the like. So when I'm not doing that I do enjoy running. I used to do a lot of marathon running - not as much right now. Now I run after a little kids. But you know, you still get the steps in either way, I guess. I just moved into a new house and just recently set up Alexa in the different rooms are getting getting sort of the house wired. So that's been fun lately.

April Harrison 02:59
Well, I can definitely relate to being the chauffeur, the chef, the logistics coordinator. I cannot however, relate to the marathon running.

Charles Gaddy 03:10
Well, depending on how many kids you have April, you probably can.

April Harrison 03:14
I want to start with a question that's really just for my own amusement. You had one superpower, what would that be?

Charles Gaddy 03:23
I grew up a big Iron Man fan. And of course, we all know Tony Stark's doesn't have a superpower per se, but he has the Ironman suit. And I guess, you know, being smart enough to build all that is a pretty good superpower in and of itself. But if I had to go with the legit not humanly possible, it has to be one of the classics like flying, or invisibility or maybe x ray vision, although you might see things you don't want to see with X ray vision. So maybe I'll stick with flying.

April Harrison 03:47
Thinking of Tony Stark, it makes sense. You mentioned that you're your techie. And so that suit, of course, is high tech. Yeah, after asking this question so many times, I feel like I'm actually assembling the Avengers. So welcome to the club. Charles, I've invited you to the podcast to school me on the topic of digital identity. You are the ideal teacher for the subject as the founder of Global Data Consortium, which delivers real time global identity verification. Digital identity seems to be an important topic, not only from an organization's risk and compliance standpoint, but on an individual level as well. So let me ask, what do we mean by digital identity and why is it important?

Charles Gaddy 04:39
Digital identity is all of the attributes in the cloud in the web online, digitally speaking, that make up an entity and I say entity because it's what makes up a person. So what makes up a business a corporation? They all have a digital identity footprint and profile, so to speak, or April, you as an individual have a digital identity. IBM as a company has a digital identity. It's not just those elements of reputation. It's also those elements that allow from a digital perspective for an entity to be determined to be who they claim to be a being a company claiming to be a subcontractor for another company, or

using you, April, you claiming to be who you say you're going to be when you want to do buy now pay later, with Affirm on Amazon, right. So the identity concept from a digital perspective is usually made up of those elements that bring that entity to life. So in the case of a person, it's a given name, a surname or last name, and address a date of birth, phone number, these are the digital elements or the data elements that we use to verify an individual's identity. From a business verification perspective, the digital identity is the business's name and their domain, their incorporation date, the address that they reside at corporate headquarters branch offices, perhaps it's the EIN number in the US with a tax ID could be a VAT number for the business in Europe, and so on these data elements, build part of the digital identity and a digital identity is not just data, a digital identity can also be things like a fingerprint, right? But companies don't have fingerprints. So most of the data around a business, whether they are a supplier, or a vendor is keyed around those data elements that I described. And of course, before you asked me why it's important, you know, it's important because if you if any entity, any business, any person, college, university, whatever it might be, wants to transact online, in order to build the necessary elements of trust. And in some cases, even compliance, depending on the use case, you need to be able to be certain that that digital identity is verified, that that entity, business person, whatever is who they claim to be. And that's very important, especially, you know, in a pandemic, when people aren't doing things face to face.

April Harrison 07:01
And I was thinking on an individual level, when you mentioned the University, my identity as an alumni is one of those things, right, that needs to get verified.

Charles Gaddy 07:10
And it's not just you as an alumni member to a University, right? I happen to know your University also has a research hospital, and has regional hospitals and facilities all over the world, right? You know, how they deal with verifying their suppliers, their vendors, how any global multinational organization deals with the compliance aspect of verifying those identities, when you're not always doing things face to face, right? It's pretty key. I mean, it's not just key because you want to make sure that the organization is who they say they are. But you also want to layer on top of that. Things like reputational risk, watch lists and sanctions protections. You don't want to deal with an organization transacting with them, where they might have a reputation that is not good in that market. Or maybe perhaps they're even on a watch list for you know, dealing blood diamonds or on a watch list for human trafficking. These things are all not just reputational risks, but actual risks that a global organization with a global supply chain and global reach needs to be concerned about.

April Harrison 08:11
It seems like those factors are continuously changing.

Charles Gaddy 08:14
Yeah, absolutely. I think people look at the supply chain issues we're seeing now, with the idea of just getting things from point A to point B, there are more and more regulations coming down that relate to what's in those containers from a supply chain shipping perspective. Another great example is if you are doing COVID research or been involved in COVID research, you're probably going to be exposed to certain government regulations and audits and reporting about the use of the money that you got for

developing a drug or developing a treatment for that all of these requirements require you to know who your suppliers are and who your suppliers suppliers are, where your researchers are. Anybody that's a subcontractor or in a business relationship with you, in that capacity, you know, could be open to needing to be verified, but verify digitally and verify for reputational watchlist peps and sanctions risk.

April Harrison 09:07
So how is digital identity verified and then also managed,

Charles Gaddy 09:11
The verification aspects depend on the type of entity and I use the word entity because you're not always talking about people. You're not always talking about businesses, sometimes a digital identity verification exercise is verifying a business and a person and their connection. Going back to my example of a research hospital perhaps is working on COVID. You might have a subcontractor who's a professor, that professor might have their own company. And you might need to do a verification on that company as well as that person, especially if that person happens to be an international contractor, someone is doing work in India for you, or maybe they're doing work in China or in Europe. You need to be able to understand and verify that individual and the different risk elements involved in that interaction.

April Harrison 09:54
What are the risks associated with a digital identity,

Charles Gaddy 09:58
The risks we're trying to mitigate are typically things in the fraud space, you know, you're a fake company, and you send in fake invoices. You're a fake person, right? So we try to mitigate those risks. But then there's also the risks related to interacting with an entity that is real. But that entity that is real, is not compliant for some reason, or is, like I said, operating in an illegal or sanctioned manner. Maybe it's an organization that you deal with one branch, but they have another branch in Iran, and the Iranians are underneath sanctions right now. And how does that impact you. So all of these things are things to be dealt with. And they're things to be managed and managing those profiles, and making sure that you're verifying these entities in the right way they give you as an organization as a business level of protection, because you may not catch every bad actor. But if you're not running through an exercise of managing and verifying these identities, you won't have the appropriate support good or bad in the event, you're audited by the government, you need to show that you've made that best effort,

April Harrison 11:04
How do companies then protect their digital identity?

Charles Gaddy 11:08
Those elements tend be much harder, right? Once you've actually developed a bad reputation, if you will, getting that undone digitally, can be very challenging. Teaching individuals, and even teaching business, business actors, people that work for your company, to protect your identity, whether it's April's identity, or whether it's your company's identity, protecting those things and making sure that you understand what you're doing when you use those identity elements. There's a lot of fraud that occurs

where really large organizations pay invoices from other companies, they've never verified them, they don't know that those companies are real, they get it in, it looks good enough, it gets processed, those sorts of risks extend to people, they extend the businesses.

April Harrison 11:49
Seems like the consequences for businesses are huge, because I imagine some of these invoices are, are fairly significant.

Charles Gaddy 11:57
They can be absolutely and even though that fraud is a concern, and it's a concern as a business, you can get your head around, I paid something that I shouldn't have paid and it cost me X and I can't get that money back. That's one absolute, you know, sort of protection that you can get from identity verification to make sure you're dealing with a real entity. But the other side of that is if you're in any sort of regulated space, and so many spaces are becoming more and more regulated, as I mentioned, use of government funds and audits, for example, not only can you be out of money, but you can actually fined. Those fines can be substantial.

April Harrison 12:32
So not only have you lost money, but you might have to pay money. And then I'm assuming there's a reputation loss as well that you have to recover from?

Charles Gaddy 12:39
If you as an organization, you know, you see this in the in the financial services space, in particular, if you as an organization, you know, launder money, that is not just something that is illegal, right, it's something you can get fined for and fined substantially. I mean, there have been fines in excess of a billion dollars that have come down for different financial organizations. And that's a regulated space as more and more organizations, verticals, and areas become regulated, the more you run up against that risk.

April Harrison 13:08
You've touched on this a little bit earlier, what changes have you observed around digital identity as a result of the recent pandemic?

Charles Gaddy 13:16
Well, everything went online. And you know, from the perspective of what our crystal ball had been telling us, right? We knew things were going to go online, the way that a digital solution like ours and others reduces the friction in interacting with your customers, it was only a matter of time. But from our perspective, it took 36 months of what we saw as potential evolution and compacted it to eight. So much more is done digitally now - done online, with your identity or persona as a company or a person. Now, you know, sort of as we get closer to the end of the pandemic, than it was when the pandemic started. And like I said it, it took a it took 36 months of evolution that we saw coming and compacted it to eight months. And I think it's irreversible as well. I think this is the kind of thing where once your customers or your suppliers or your vendors, or you as a company get used to being able to do things without showing up at a branch without showing up at an office without taking a picture of of a

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document or uploading articles of incorporation for a business. Once you get used to that. It's hard to go back to doing things let's say the cumbersome way. It also means that it can be done faster. And if it can be done faster than these things can be applied to more than a sample manual review process of onboarding a vendor or verifying an identity to open a buy now pay later account whatever it might be. If you can apply these sorts of technologies like you've seen over the pandemic and continue to apply them you're gonna be able to scale up and do more with less manual effort and with better response times turnaround times and less friction for your customers and your partners.

April Harrison 14:59
With everything moving faster and everything being digital. How does technology help?

Charles Gaddy 15:04
Yes, organizations like ours are based on the idea that we're going to bring to our customers and our partners, a scalable, low friction solution for verifying a digital identity, whether that is verifying a business or a person, right? So if that's our mandate, and our mantra, we end up being the sugar in a lot of people's chocolate, lots of solutions produce an end product that can be sweetened by what we do. And anytime you can reduce friction and scale, of what we provide to our customers and partners, the end result, even if there's other layers involved, is better chocolate,

April Harrison 15:40
I'm all for better chocolate. Where do you see digital identity in 10 more years, let's say in 2030? I know we're on an irreversible track. So but just taking that extending that further?

Charles Gaddy 15:54
It's a great question. Because once you get to where you understand how to use solutions like ours, in conjunction with other solutions to produce a process for digital identity verification, then what you're starting to look at is how do you take these solutions and continue to introduce more accurate results, which is better matching, whether it's better matching the data elements to different sources, or whether it's better matching on facial recognition, or whether it's better and more accessible business data to allow you to match variations on business names, the concept of matching the data you have on a digital identity with trusted sources, that's only going to continue to improve. As we move, you know, from from 2021 to 2030. You're also going to see more interactive steps introduced into the digital process. And those become important because they help mitigate a risk that will become more and more prevalent as we move towards 2030, which is impersonation verifying a business's real is one thing, verifying your business's active is an extra layer of protection, but then verifying whether or not the person that is representing that business is a real person. And a real representative of that business, prevents them impersonating that business and introducing fraud or other sort of regulatory or compliance concerns, right. So as we move towards 2030, the idea that we can verify a business, verify the person representing that business as real as a real person, and validating their connection, whether they're a signatory, whether they're an owner, whether they happen to be the managing director of set business, or maybe they're a sole proprietor, so the businesses them, all of these things become more important as we move towards 2030. Because they mitigate the risk of impersonation, and they allow you to better comply with regulations that are related to how a person, a natural person, as they say, in the regulatory speak, can represent a business entity.

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April Harrison 17:52
Well, 2030 will be here before we know it. So lots of work to do. Do you have any professional advice or life hacks you would be willing to share with me and our listeners something practical that we could try it either work or at home?

Charles Gaddy 18:07
I absolutely do. So you know, GDC stands for Global Data Consortium, we cover about 75 countries around the world right now for verifying businesses and verifying people as a function of that I do a lot of traveling. So the life hack I'd like to let you know about is actually with American Express. So if you have an American Express card, depending on the level of card that you have, you can sign up for what's called Global Entry. And Global Entry gives you also the TSA Pre screen, which makes it very easy for you to pass through the airport, right? You don't have to take your shoes off. If you're going from North Carolina, where we are able to New York, right? It also means that when you're coming back into the United States, it's much easier to clear customs much faster. You just give them a fingerprint and a picture and you walk through and you're done. It cost about $100 to get the service paid for. But the life hack is American Express. If you have the right card, we'll reimburse you for the charge on that global entry and TSA Pre screen. So my life hack is buy it on your AmEx, get it so you can travel the world and enjoy all this wonderful world we have has to offer and then get the money back as well.

April Harrison 19:16
Oh, that's fantastic. You're a world traveler, what's your favorite country that you've visited?

Charles Gaddy 19:21
So you know, that's kind of tough because I rate it based on sites and food. So I love the south of France. Nice and Eze in that area for the food/wine quotient. I love Brazil for the for the variety of meat and the quality of coffee. And then I will say the best steak I've ever had if you eat meat and steak in particular, is actually in Argentina. So I can recommend those all very highly.

April Harrison 19:46
There's no better rating scale than food, right?

Charles Gaddy 19:48
You spin it a little bit if you're not into red meat. Then I would say Spain because they do they do octopus. They're on a giant stone. Oh, it's fantastic. You'd love it.

April Harrison 19:59
Where's the best chocolate?

Charles Gaddy 20:01
So you know, there's been sort of a running gun battle for that for me. I thought the Dutch did really good chocolate for quite a while. But I've come back to the old staple, the Swiss chocolatiers. I was in

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Zurich for work a few weeks ago. And it's just hard to beat their chocolate. So this I would go with the Swiss right now.

April Harrison 20:18
Charles, what projects do you have on the horizon? And where can our audience find you to follow and connect?

Charles Gaddy 20:23
So the whole following connect thing, I'm on LinkedIn. I'm on Twitter. I don't tweet. But I'm on Twitter, and you can find me at @ChazGaddy and I certainly like to get a follower there. But I'm on LinkedIn, happy to take a connection there. Also, you know, DM there is great. As far as projects we have on the horizon, I get to that a bit with some of your digital 2030 question. We are very engaged in solving that problem of how do you connect a person to a business? And how do you build a profile there that can build out, you know, trust and business interactions, compliance, and regulatory needs can be met, the person is who they say they are, and the person has the right privilege and regulatory obligation to represent that said business and whatever you're doing. So that's really a direction we're headed in, that can be summed up with acronyms like UBCO ultimate beneficial ownership can also be summed up in owners directors and officers verification, that really depends on whether you're doing vendor supplier use case versus a regulated industry, like financial services. So financial services would have a Udo requirement, whereas maybe, you know, maybe I'm a multinational company, and I want to verify my suppliers that will probably have more of an owner's directors and officers verification to it, or a simple business verification to it. So all of those things are what we're working on, you know, bridging that divide between the natural person and the business they represent.

April Harrison 21:48
Charles, thank you so much for schooling me on digital identity and taking the time out of your busy schedule to join me. I've learned so much. And since we are so close geographically, I look forward to meeting you in person someday.

Charles Gaddy 22:02
Absolutely. Maybe we can. Maybe we can meet up for chocolate and a coffee.

April Harrison 22:05
I'll wear my Tar Heel attire and you can wear your Wolfpack attire.

Charles Gaddy 22:08
Oh, I see. Okay, well, thank you April for the time. I really enjoyed the conversation as well.

April Harrison 22:13
It's been a pleasure, take care. That's it for this episode of Procurement Block. I'd like to thank my guest, Charles Gaddy, for joining me on the show today. Procurement Block is produced by Trust Your Supplier. You can reach us at procurementblock.com. Show notes are available on our website and you can leave your questions and comments via the listener comment form. Thank you for learning with

me today. I'll leave you with wise words from Benjamin Franklin. An investment in knowledge pays the best interest