Ketch

INTRODUCTION

# THE PRIVACY OPPORTUNITY

In the often dizzying and confusing arena of data privacy, a new normal is rapidly unfolding, a paradigm that elevates data rights and data dignity. Characterized by a wave of new regulations and competing imperatives, the complexity of this new paradigm can overwhelm and paralyze business leaders searching for the ideal and responsible path forward. Many believe they face an impossible Sophie's Choice: Dismiss privacy requirements and use personal data to grow, or comply and stagnate.

**They are wrong.**

Today, data privacy is a space that's long on rules, but short on tools. First-generation approaches followed a 'paint by numbers' approach: checklists, organizational readiness, quick identification of privacy gaps and compliance risks. They deployed static what-you-should-do approaches, rather than creating dynamic software solutions. These were necessary, but incremental: every company that's adopted them soon realizes how much work remains to operationalize their privacy initiatives in a cost-effective, policy-driven manner.

As businesses cry out for tools to help them conquer the complexity and eliminate spiraling compliance costs, new mindsets and methods for data privacy and governance are responding to the call. These innovations hold the promise of making privacy programmatic and scalable. Soon every company will be able to demonstrate responsible stewardship of personal data in every interaction across every jurisdiction.

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To understand the promise and possibility of this privacy opportunity, what follows is the second of a four part series outlining how we got here, including the web of players that shaped modern data privacy; the implications for business; the core complexities that must be overcome to make data compliance and growth compatible; and lastly, how to begin solving for those challenges.

PART II

# WHAT DOES THIS MEAN FOR BUSINESS?

Given all this change and resulting complexity, it's not surprising that businesses of all sizes find themselves in a bind — and it's an expensive one. Consider the following:

- Annual privacy spend was $676k on average in 2020, mostly salaries, and technology costs (**IAPP**); and
- 75% of companies spent over $100k in technology and consulting for GDPR readiness, and **2,000-4,000 hours on average** in meetings preparing for GDPR.

Even with those staggering initial and ongoing costs:

- 47% of surveyed companies are having difficulty keeping up with the flood of new data privacy regulations (**Reuters**); and
- 62% of organizations have sales delays related to privacy with an average delay of 4.2 weeks (**Cisco**).

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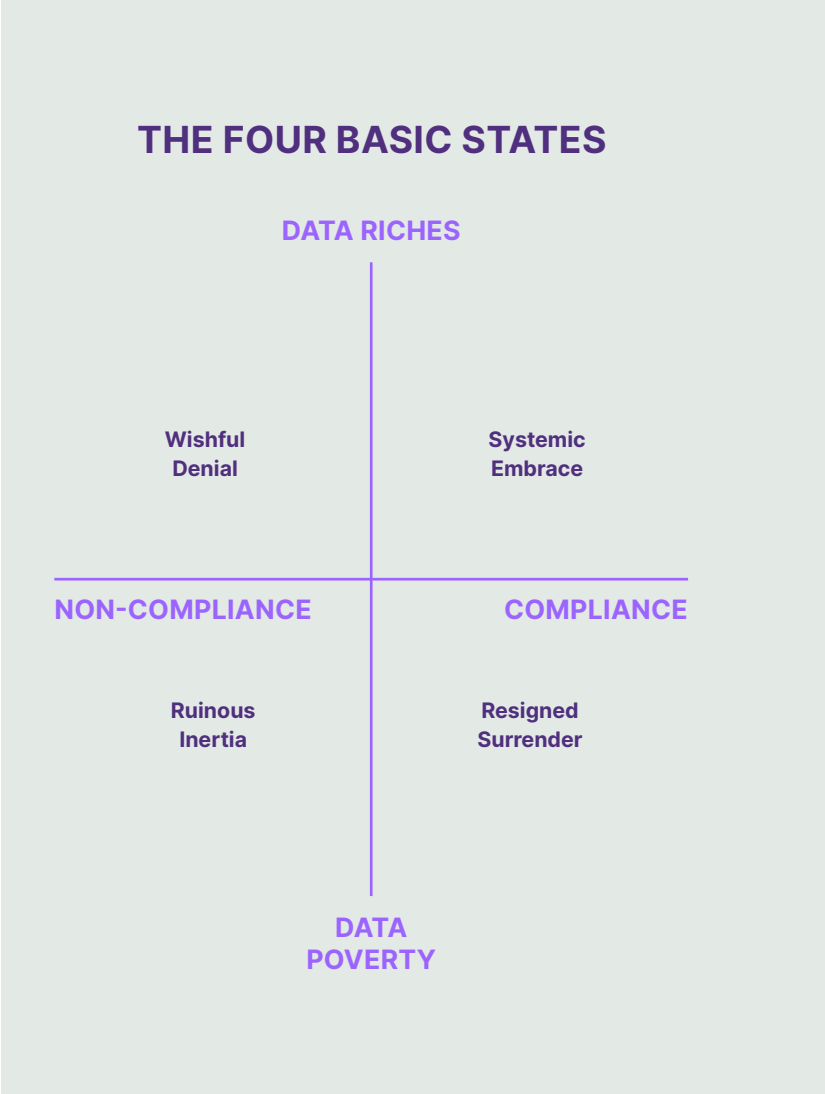
It's undeniable regulations have imposed massive compliance costs on businesses, further entrenching big companies and imperiling small- and medium-sized enterprises. Take GDPR's transfer mechanisms as one example: It's a legal and logistical knot that only the well capitalized can untangle.

When it comes to managing the interplay between the promise of data and the imperative for privacy, companies fall into four basic states: resigned surrender, wishful denial, ruinous inertia, or systemic embrace.

**Ruinous inertia:** These companies don't pursue data-driven initiatives or invest in their enabling tools and processes, yet also fail to comply with basic privacy regulations governing their interactions with employees, partners, and consumers.

**Resigned surrender:** These companies have resolved that the risks of non-compliance are existential and therefore too perilous to ignore, and on that basis have opted to suppress their collection and usage of data across multiple channels and platforms (particularly digital marketing initiatives that depend on consumer data).

**Wishful denial:** These are companies who take liberties with data and blast full steam ahead with the quiet recognition that they're non-compliant with regulations they know pertain to them. They are either in denial about the risks, or in denial that their non-compliance could ever be discovered or significantly damage their business.




**Systemic embrace:** These companies recognize the risks of non-compliance, the opportunities that come from cultivating privacy and greater trust with stakeholders, and the strategic imperative to participate fully in the data AI revolution. They reject Sophie's Choice and are committed to the systemic pursuit of compliance and growth.

Systemic Embrace is the path to peaceful — and profitable — coexistence of data dignity, compliance and growth.

## Resigned Surrender: Sacrificing Growth for Compliance

Due to complexity, or just fear, some businesses have reacted by completely turning off sales and marketing infrastructure, sacrificing growth for compliance. High-growth businesses have thought

twice about expansion into regulated markets like Europe, driven away by the perceived complexity in administration and the gaps in legacy capabilities for modern compliance.

They rightly perceive a complex global regime and shifting regulations that make compliance a daunting, unending game of whac-a-mole. As soon as you comply with one regulation, another always seems to pops up. California's move from CCPA to CPRA is instructive: CCPA was on the books for less than two years before its successor, **CPRA**, was enacted:

> "THE PROSPECT OF FURTHER RULEMAKING WILL MAKE IT HARD FOR COMPANIES TO TAKE SIGNIFICANT STEPS TOWARD COMPLIANCE, AS THE CCPA RULEMAKING EXPERIENCE HAS DEMONSTRATED THE POTENTIAL FOR RULEMAKING TO CREATE SIGNIFICANT CHANGES".

Given that California's latest amendment, CPRA, likely won't look the same as it does today when it goes live in 2023, compliance tools must evolve with flexibility and responsiveness to handle a fluid regulatory environment.

The costs of chasing compliance using legacy tools mount quickly given the demands of incoherent regulatory regimes and the inadequacy of existing processes with which to navigate them. This inadequacy is striking when considering the process gymnastics required for the fulfillment of Data Subject Rights* (DSR) requests under GDPR.

By way of example, let's take a common type of DSR, the deletion request:

> **The average company has 39 systems for consumer engagement, all could potentially hold consumer data that could be subject to a DSR. That means 39 systems that need to be accessed, searched and have the appropriate data deleted.**
>
> **For most companies this means tracking down the business owner for each system and chasing them down to fulfill the deletion, all within the fulfilment timelines**

* 'Data Subject' is the EU authority's somewhat officious name for a person or citizen. A 'Data Subject Request' is a formal request, legally required under GDPR, for a company to take action in connection with a citizen's personal data.

specified by the appropriate regulation, for example within one month after receiving the request under GDPR, and 45 days under CCPA.

It's not uncommon to see 3-5 hours to fulfill each request, and with DSR volume growing exponentially with rising consumer awareness and eroding trust, the costs start to add up significantly.

More generally, mid-market companies with 500-1000 employees maintain privacy engineering teams of **6-7 people** pulling together feature work for data privacy compliance at a cost in excess of $1M/year. They end up paying a compliance tax over and over again without confidence that it's ever been paid in full.

Against that backdrop, to date, companies have either chosen to surrender in drastic moves that come at the cost of growth and profit. Or they attempt to 'hide in the herd' and evade notice on the compliance front — a path that works until, catastrophically, it doesn't.

## Wishful Denial: The Ostrich Approach

Leaving aside near-term regulatory issues, it is indisputable that there is a broad planetary tilt towards data rights and data dignity — even if not everyone wants to recognize it and some prefer to instead **protest loudly.**

Today's data privacy ostriches are not a new phenomenon. History is littered with business failures — often spectacular ones — created by leaders who told themselves "this too shall pass" or "I can get away with it a little longer — let's wait and see."

When he heard about the invention of the telephone across the Atlantic, the Chief Engineer of the British Post famously remarked "The Americans have need of the telephone, but we do not. We have plenty of messenger boys." Well, telephones — and the value they created — certainly far outpace messenger boys in the UK today.

In a more recent example, Blockbuster went from dominating the video rental market in 2000 to bankruptcy in 2010, pushed into irrelevance by on-demand streaming like Netflix. Blockbuster refused to recognize the tectonic shift and adapt its business model to respond. Now that streaming is the new normal, we can't imagine what they could have possibly been thinking.

The new normal for business requires responsibly sourcing data and respect for consumer data rights. Consumers will

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increasingly demand it. Ostriches who put their head in the sand could, like Blockbuster, be overtaken by market forces too inexorable to avoid.

## Ruinous Inertia: The Laggards

The laggards represent the businesses on the late end of the adoption curve. They have not yet enthusiastically embraced the importance of data management and customer engagement in the pursuit of growth and are losing ground to digitally sophisticated competitors by the day.

Unsurprisingly, this likely comes with the failure to recognize the coming tsunami of data rights — let alone that the privilege of using personal data to grow and connect, comes with the responsibility to respect data privacy and data dignity. As a result, data isn't being put to work to fuel the business, but compliance isn't happening either — which sows the seeds of potential extinction.

## Systemic Embrace: Privacy as Opportunity

Not all tech leaders are choosing to bury their heads in the sand. There are **leaders** who have embraced the new normal and are retooling to meet it.

These leaders understand the opportunity inherent in respecting data privacy and data dignity **and** they grasp that it's possible to build value while honoring values. Effective solutions that respect and protect data privacy build trust with consumers. It veins with responsible stewardship of data and abides by Steve Jobs' admonition to ask customers about data uses and to keep asking about their needs, wants, and priorities. Most of all, it puts their prescriptions around the allowable use of data into action. Informed, real-time, customer desires must be respected and put into action regardless of the minimum established by the relevant code or regulation. Doing so builds trust, and building trust fuels privacy-compliant data stores — the precondition for successful operations and AI.

SYSTEMIC EMBRACE RECOGNIZES THE RISING URGENCY OF DATA PRIVACY AND THE ENDURING PREMISE OF DATA-DRIVEN GROWTH.

Systemic embrace recognizes the rising urgency of data privacy and the enduring premise of data-driven growth. This, in turn, calls for the development of a responsible infrastructure that future-proofs businesses against future flickering in privacy codes, regulations, and norms.

## About Ketch

Ketch helps companies conquer complexity, build trust, and ensure the success of all your data-driven initiatives.

Our deploy-once, comply-everywhere solution operationalizes privacy with programmatic, automated tools that collapse the cost of compliance and ensure perfect adherence with all data regulations, now and in the future.

To learn more about Ketch visit us at **www.ketch.com** and follow us on **Linkedin** and **Twitter.**

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