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Data Privacy Is The New Strategic Priority

Enhanced Customer Trust Is The No. 1 Advantage Decision Makers Expect From Adopting A Holistic Data Privacy Approach

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY IBM | JULY 2019

Privacy Success In The Digital Age Hinges On A Holistic Data Protection Approach

As firms face a growing list of data protection regulations and customers become more knowledgeable about their privacy rights, developing a data privacy competence has never been more important. Sustained compliance delivers a number of benefits, but firms with reactive and siloed privacy tactics will fail to capitalize on them. Some have begun to address the need for more mature data protection controls and strategies, but many lag behind.

In April 2019, IBM commissioned Forrester Consulting to evaluate the state of enterprises' data privacy compliance in a shifting regulatory landscape. Through our survey of 218 global enterprise decision makers with responsibility over privacy or data protection, we sought to understand how they are evolving to meet the heightened data protection and privacy expectations of legislators and consumers and the benefits they can expect from a holistic data privacy approach.

Key Findings

Privacy is a strategic priority for today's organizations, but few have complete confidence in their ongoing ability to keep up with emerging data privacy regulations.

Siloed data privacy projects are becoming increasingly inefficient and unstable. Sustained compliance needs an operationalized data privacy program that is holistic, scalable, and global in scope.

Organizations with well-rounded strategies that commit to data privacy for more than just compliance stand to realize a number of benefits, including enhanced customer trust.

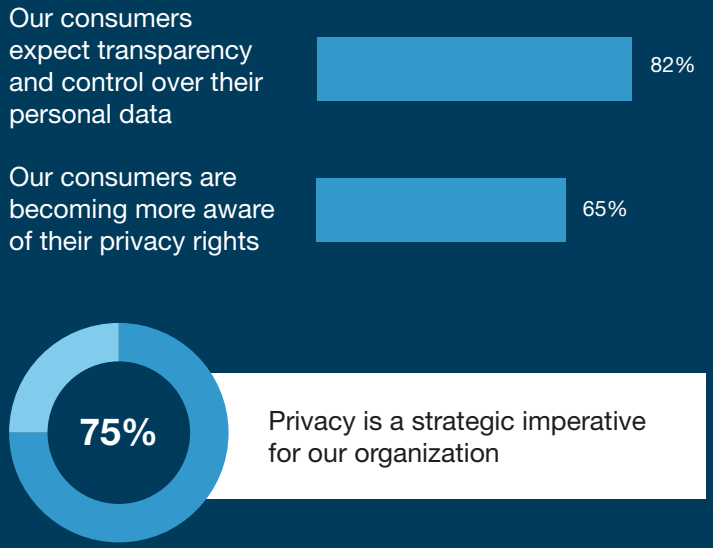
Data Privacy Is The New Strategic Priority

Today's organizations, regardless of their physical location, are increasingly likely to belong to global digital ecosystems. Monetary transactions are what often link these ecosystems together, but another currency is exchanged: data. This data brings great opportunity, but it also introduces risk around the fair and lawful handling of personal data.

Enterprises have historically treated data privacy as a catch-up game, responding to regulatory requirements only when and if they must, but our research suggest this is changing.[1] Respondents recognize that their customers expect transparency and control over their personal data. And thanks to regulations like the General Data Protection Regulation (GDPR), they also say that their customers are more aware of their privacy rights. In a dramatic shift from the past, 75% of firms now identify data privacy as a strategic priority.

"How much do you agree or disagree with the following statements?"

(Showing "agree" or "strongly agree")



Base: 218 global enterprise decision makers with responsibility over privacy/data protection
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

Enterprises' Data Privacy And Security Programs Need A Global Scope

Organizations are starting to embrace data privacy as a form of competitive advantage, but plenty of work lies ahead to bring this vision to life, especially as the regulatory landscape continues to shift. Many have done the hard work to establish the foundations of GDPR compliance, but data regulations are budding beyond the EU. Brazil has passed new privacy regulations, and India is also discussing doing so.

Yet as few as 28% of respondents have complete confidence in their firms' ongoing ability to adhere to privacy requirements, even though 77% expect the number of data privacy regulations to grow. And when asked about compliance with the imminent California Consumer Privacy Act (CCPA), set to take effect in January 2020, nearly 80% of those whose companies must comply confirmed this is still work in progress.[2]

28%

The percent who have "complete confidence" in their organization's ongoing ability to comply with emerging local and global data privacy regulations.

77%

The percent who agree that the number of data privacy regulations they are/will be subject to is on the rise.

Base: 218 global enterprise decision makers with responsibility over privacy/data protection
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

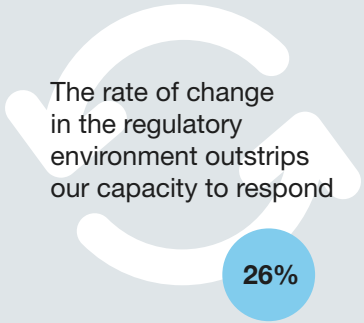
Compliance Is More Complex Than Ever

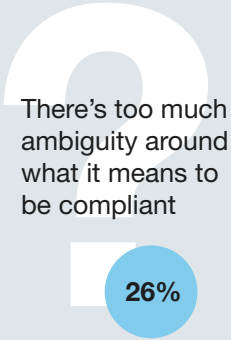
Enterprises must protect growing volumes of personal and sensitive data and adhere to the nuances of a growing list of privacy regulations — all under the scrutiny of privacy-savvy customers and employees and privacy-concerned partners. At the same time, highly publicized breaches dominate headlines, and cybercriminals' sophistication continues to grow. Forging a clear way forward is challenging.

Several factors are exacerbating respondents' shaky confidence, including: challenges obtaining adequate funding; uncertainty around which steps to take to establish compliance; and a poor understanding of which regulations might apply to their organizations. However, a tendency to address compliance in a piecemeal fashion, the fast rate of regulatory change, and ambiguity around what it means to be compliant with any given regulation top their list of challenges.

"You mentioned that you're not completely confident in your organization's ongoing ability to comply with emerging local and global data privacy regulations. Why is that?"

(Select all that apply; showing top three options)





Base: 156 global enterprise decision makers with responsibility over privacy/data protection who do not have complete confidence in their organizations' ongoing ability to comply with emerging local/global privacy regulations
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

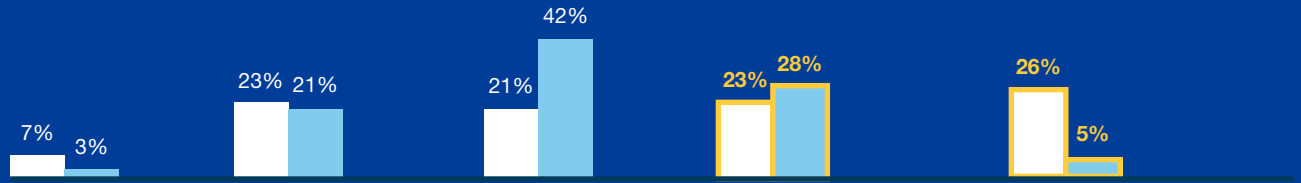
Sustained Compliance Requires A Strategic And Holistic Data Privacy Approach

To capitalize on the business value of data privacy, firms need sustained compliance.[3] Reactive programs that emerge to meet the mandates of each new regulation are insufficient. Rather, a holistic privacy approach — one that is well-defined, continuously tracked, and strategic — is necessary. This requires mature policies and processes, as well as investments in data protection and security. In the context of GDPR and CCPA, compliance is an exercise of risk identification, assessment, and mitigation. Only firms that know where their data lives, can classify it, and can deploy controls in a continuous and dynamic way can make the shift.

Unlike their peers, those with full confidence in their compliance abilities are more likely to have moved beyond simply defining their privacy processes to measuring and/or optimizing them too (49% vs. 33%). Over half of them are also making a holistic program a top priority (54% vs. 18%).

"Which of the following best describes your organization's privacy strategy?"

- Complete-confidence firms
- All others



Ad hoc: Our approach and processes are generally not connected or consistent

Repeatable: Our approach and processes are mostly consistent, based on most pressing needs

Defined: Our approach and processes are clearly defined and well-documented

Measured: Our approach and processes are tracked and managed using quantitative metrics

Optimized: Our approach and processes are consistently monitored and improved to maximize business performance

Base: 218 global enterprise decision makers with responsibility over privacy/data protection
Note: Percentages may not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

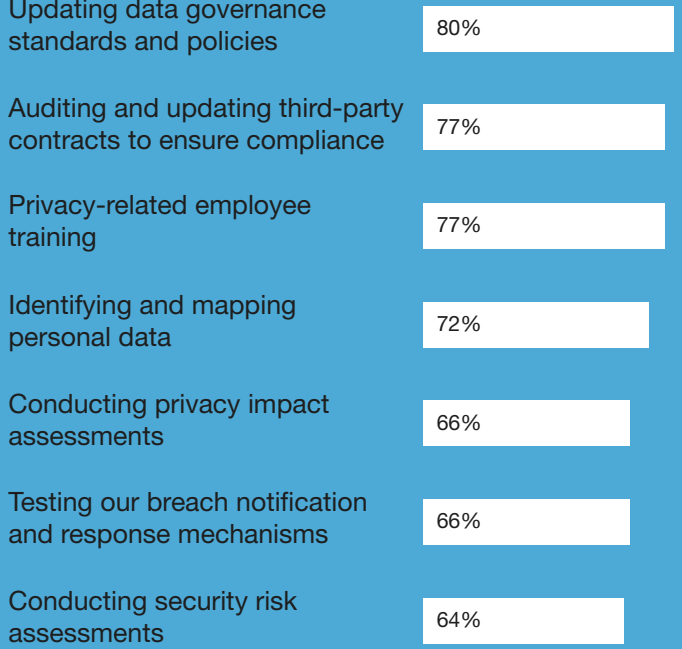
Confident Firms Apply Data Privacy Best Practices

While most organizations lack full confidence in their compliance capabilities, they can learn from those that do. For one, these firms have made progress on a variety of initiatives that afford them enhanced data visibility and control. Beyond updating governance standards and policies, they also have:

- **Audited and updated third-party contracts,** giving them insight (and evidence) into which parties have access to their data and why.
- **Mapped data flows,** providing them visibility into structured and unstructured data and sharing activities with internal and external teams.
- **Conducted data privacy and security assessments,** which not only focus on the existence of specific policies, but also help them look at how data is stored, processed, and shared across systems and verify whether security controls and protocols are enforced appropriately.

"Which of the following initiatives has your organization implemented as part of its privacy strategy?"

(Showing top options for "expanding implementation" or "implemented" among complete-confidence firms)



Base: 61 global enterprise decision makers with responsibility over privacy/data protection who have complete confidence in their organizations' ongoing ability to comply with emerging local/global privacy regulations
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

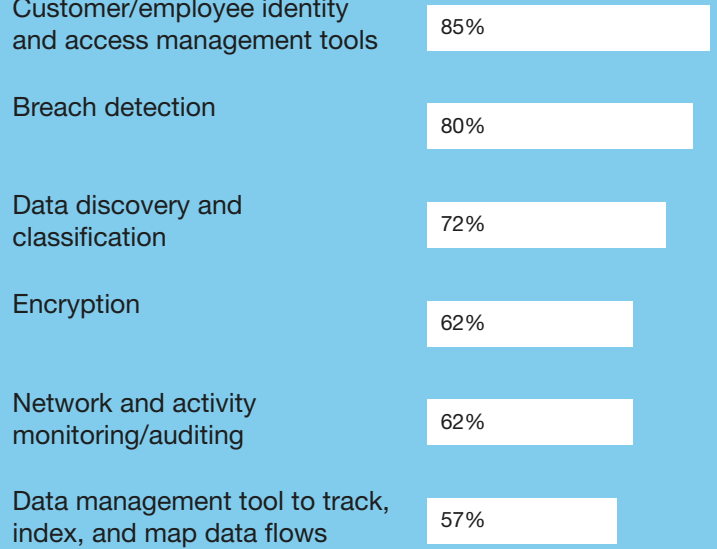
Confident Firms Support Data Privacy With Strong Technology Controls

In addition to employing more mature approaches to data privacy processes and governance, confident firms also leverage strong data protection and security capabilities. These include tools for: identity and access management; data discovery and classification; encryption; activity monitoring; and data management. Collectively, these solutions better position them to:

- Uncover where personal and sensitive data resides and classify it according to its risk.[4]
- Limit the number of people who have access to sensitive data and continuously monitor their access.
- Analyze data usage patterns that may signal potential abuses.
- Dispose of data that's no longer needed or valuable.
- Protect data from unauthorized access and misuse.

"Which of the following technologies has your organization implemented as part of its privacy strategy?"

(Showing top options for "expanding implementation" or "implemented" among complete-confidence firms)



Base: 61 global enterprise decision makers with responsibility over privacy/data protection who have complete confidence in their organizations' ongoing ability to comply with emerging local/global privacy regulations
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

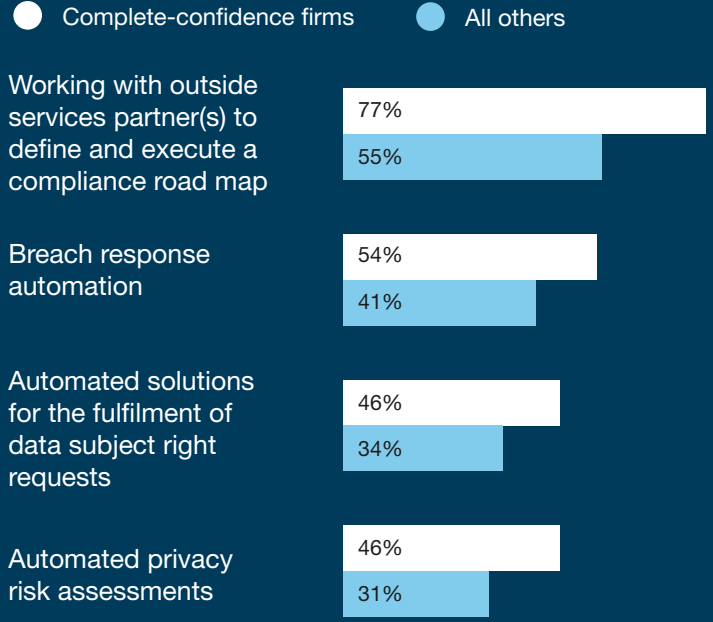
Confident Firms Embrace Tactics That Allow For Data Privacy At Scale

There are two areas where the gap between complete-confidence firms and their peers is most marked:

- **The use of partners.** Managing compliance at the enterprise level and across several regulations is complicated. Confident firms are more likely to supplement and accelerate their capabilities by working with outside partners to execute on a compliance road map.
- **The use of automation.** Organizations cannot expect to sustain compliance over the long term relying exclusively on manual processes. The adoption of automated data privacy tools has finally started, and confident firms are more likely to have them in place to streamline risk assessments, the fulfillment of data subject right requests, and breach response.

“Which of the following has your organization implemented as part of its privacy strategy?”

(Showing “expanding implementation” or “implemented”)



Base: 218 global enterprise decision makers with responsibility over privacy/data protection
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

Holistic Privacy Strategies Deliver Benefits Beyond Compliance

To boost their readiness and flexibility to address a variety of evolving regulatory requirements, organizations must move past the reactive and disconnected privacy projects of the past and emulate the holistic and strategic approach more often in place at full-confidence firms. Along with more mature policies, standards, and oversight mechanisms, privacy and data security tools can help them do just that.

Decision makers associate several customer- and business-focused benefits with a holistic strategy, including improved compliance and reduced risk of enforcement action and fines. But what's even more valuable in a digital world is the trust customers have in an enterprise's commitment and ability to protect their privacy and data. A holistic approach is a powerful means to that end — enhanced customer trust is the No.1 advantage respondents expect from adopting a holistic privacy strategy.

"What benefits have you already realized, or do you expect to realize, from a holistic privacy strategy?"

(Select all that apply; showing top benefits)

Base: 218 global enterprise decision makers with responsibility over privacy/data protection
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

Partners Play A Key Role In Supporting Holistic Strategies

As the complete-confidence firms in our research demonstrate, holistic data privacy and security in the digital age require a multifaceted approach. Support from partners to augment internal capability/technologies gaps can help organizations along their journeys.

Decision makers cite several vendor requirements to promote a holistic data privacy strategy. Topping their wish-list are capabilities for: prioritizing risk mitigation actions (including identifying and prioritizing critical data at risk); designing and maintaining an end-to-end data privacy program; and automation. They also value consultancy services, insights dashboards, and flexible technology architectures to connect and extend their ecosystems. These offerings can help organizations cut through the regulatory complexity and achieve and sustain compliance with global privacy regulations in a more purposeful, efficient, scalable way.

“When evaluating partners to support a holistic privacy strategy, which of the following capabilities would you consider important for them to have?”

(Showing “critical” or “important” requirement)

Base: 218 global enterprise decision makers with responsibility over privacy/data protection
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, May 2019

Conclusion

Due to stringent data privacy requirements emerging as a new global standard and the evidence that, if firms do it right, a commitment to data privacy delivers a range of benefits, privacy has emerged as a new strategic priority. However, sustained compliance with data privacy requirements is still work in progress for many, as:

- Few have full confidence in their ongoing ability to comply with emerging privacy regulations. Those who do often use more mature approaches to policies and standards as well as technology and automation to maintain and scale their strategies over time.
- Most understand the benefit of a more comprehensive data privacy program but struggle to implement it. Surprisingly, this is not primarily due to a lack of resources, but rather to a lack of maturity in their approach.
- External partners play a key role helping firms prioritize actions and execute on a holistic data privacy strategy.

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Contributing Research:
Forrester's security & risk research group

Methodology

This Opportunity Snapshot was commissioned by IBM. To create this profile, Forrester Consulting leveraged existing research from Forrester's security and risk research group. We supplemented this research with custom survey questions asked of 218 global enterprise decision makers with responsibility over privacy or data protection. The custom survey fielding began in April 2019 and was completed in May 2019.

ENDNOTES

[1] Source: "Tackle the California Consumer Privacy Act Now," Forrester Research, Inc., February 8, 2019.

[2] Source: Ibid.

[3] Source: "The Future Of Data Security And Privacy: Growth And Competitive Differentiation," Forrester Research, Inc., August 15, 2018.

[4] Source: Ibid.

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

Demographics

COUNTRY

- United States: 51%
- United Kingdom: 18%
- France: 16%
- Germany: 15%

SENIORITY

- C-level executive: 18%
- Vice president: 26%
- Director: 24%
- Manager: 33%

COMPANY SIZE (EMPLOYEES)

- 1,000 to 4,999: 55%
- 5,000 to 19,999: 31%
- 20,000 or more: 15%

INDUSTRY

A range of industries were represented. Top industries included: retail, consumer goods, energy/utilities, technology, and financial services.


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