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Thought Leadership Paper
Commissioned By Evidon

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Embrace The GDPR To Gain A Competitive Edge

Leverage New And Updated Privacy Laws To
Win, Serve, And Retain Customers



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Project Director:

Rachel Linthwaite,
Market Impact Consultant

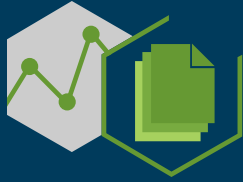
Contributing Research:

Forrester's B2C Marketing
Professionals research group

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To succeed, firms must not look at GDPR as a constraint, but rather as an opportunity.



Firms acknowledge that compliance leads to business benefits and happy customers.

Executive Summary

Like it or not, the GDPR is coming.

In May 2018, the General Data Protection Regulation (GDPR) will take effect, instituting new, strict guidelines around customer privacy for any firms that do business in Europe.¹ This, along with the institution of changes to the ePrivacy directive, will fundamentally alter the way organizations must think about privacy going forward. But simple compliance with these new and revised regulations should not be the ultimate goal for firms. Rather, firms need to embrace these changes to improve customer experiences and gain a competitive advantage for themselves.

In September 2017, Evidon commissioned Forrester Consulting to evaluate firms' readiness for the introduction of the GDPR and changes to the ePrivacy directive. To explore this topic, Forrester conducted an online survey with 263 data and compliance decision makers at organizations that either operate or do business in Europe. We found that organizations understand the gravity of the change coming and the potential to leverage compliance as a way to benefit customers and firms alike.

KEY FINDINGS

- › **Firms are actively working toward compliance.** Most firms have been preparing for a year or more, starting with creating data governance and consent management strategies in tandem with their compliance work. They are taking this work seriously: investing in large budgets to establish and maintain compliance, involving employees from all areas of the business in the initiative, and bringing on new technologies, consulting services, and vendors to assist in these efforts.
- › **Striking a balance between compliance and good customer experience (CX) is challenging.** Organizations are prioritizing the needs of their customers while attempting to establish compliance. They consider transparency, consent management, and the need to comply with data subject's rights as key challenges for their firms going forward. And ultimately, once the regulation takes effect, firms are primarily concerned with balancing compliance with the need to maintain exceptional customer experiences.
- › **Done well, compliance will transform organizations and benefit both brands and customers.** Firms anticipate privacy becoming an organizing principle for their organization, shifting company culture and altering the way firms work, not just internally, but with their technology and marketing vendors as well. Through this change, firms expect to see increased loyalty, satisfaction, and engagement from customers as well as brand differentiation and uplift for themselves.

Aware Of The Impending GDPR Implementation, Firms Are Working On Establishing Compliance

The introduction of the GDPR and changes to the ePrivacy directive are an inevitability. Given the sweeping changes the new laws require, and the heavy fines they enable, firms must prepare for the change if they are to continue to thrive after May 2018. For firms that are already aware of this coming regulation, preparations are indeed well underway. In surveying 263 respondents, we found that:

- › **Firms have been preparing for over a year.** Nearly three-quarters of the firms surveyed report preparing for GDPR compliance at least by September 2016, if not earlier (see Figure 1). Many were also already working on complying with ePrivacy updates at the same time.

Figure 1

“How long ago did your organization start preparing for compliance with the General Data Protection Regulation (GDPR) and upcoming revisions to the ePrivacy Directive?”



Base: 263 data and compliance decision makers in the US, UK, Germany, and France
 Source: A commissioned study conducted by Forrester Consulting on behalf of Evidon, September 2017

Seventy-two percent of firms have been preparing for GDPR for a year or more.

Fifty-seven percent were working on ePrivacy preparedness for at least a year as well.

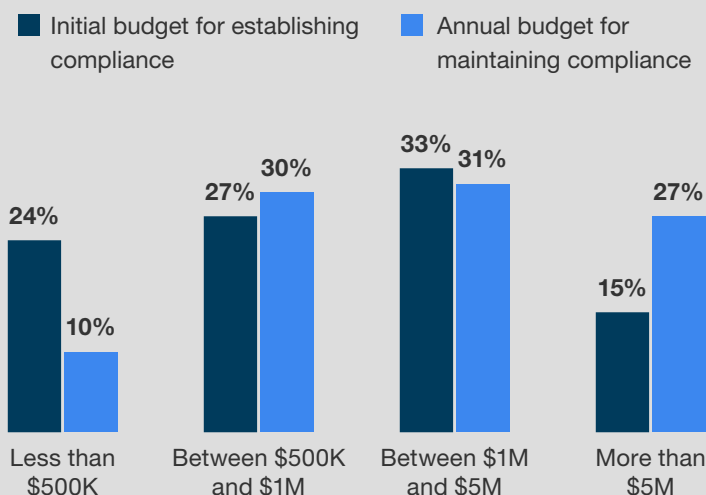
- › **Data governance and consent management policies are already in place for many.** Happily, most firms don't need to start from scratch. Thirty-nine percent of firms already have a digital governance strategy in place, and an additional 35% plan to have one in place by the time GDPR takes effect in May 2018. More good news: For two-thirds of these firms with digital governance policies in place or being implemented, GDPR and ePrivacy compliance efforts have been done in tandem with this governance work, adapting both continuously to ensure one unified strategy at the corporate level. There is a similar story when it comes to consent management. Seventy-nine percent of organizations already have a consent management policy in place, the majority of which are based on GDPR frameworks (35% based on internal GDPR frameworks, 31% based on third-party GDPR frameworks). Furthermore, these policies are evolving: 25% of firms are expanding their consent management practice today.
- › **Budgets are large and will only increase.** Generally, both establishment and maintenance budgets for GDPR and ePrivacy compliance are quite large (see Figure 2). Furthermore, 67% of respondents believe these budgets will only increase after May 2018. Clearly, budget is not a challenge for most of these firms, indicating that they are taking this new challenge very seriously.



Maintenance budgets for GDPR and ePrivacy compliance are larger than initial budgets — and they'll only get larger.

Figure 2

“What initial budget have you allocated to become GDPR and ePrivacy compliant?”



Base: 263 data and compliance decision makers in the US, UK, Germany, and France
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Evidon, September 2017

Forty-eight percent of firms have an initial establishing budget of \$1M+.

Fifty-eight percent have an annual maintaining budget of \$1M+.

- › **GDPR and ePrivacy preparedness is a businesswide initiative.** Though privacy teams will bear a large portion of the establishing compliance burden (56%), once GDPR takes effect, managing and maintaining compliance will touch most departments. Areas like marketing and CX will work together with security/risk and compliance teams to ensure efforts are maintained after May 2018. Though establishing ePrivacy compliance is a bit more of a team effort to begin with (among legal, security/risk, and compliance specifically), once the directive takes effect, managing compliance responsibility will also be more widely spread throughout the company. This is a good sign, as firms grasp the import of this change. Crucially, these firms seem to understand that it's not simply a few new privacy rules, but rather an entirely new way of doing business that impacts everyone from HR to legal to digital experience.
- › **Firms don't plan to go it alone.** Even with all that assistance from within the company, respondents still note the need for outside help. Roughly two-thirds of firms' compliance budgets are being directed at new technology and consulting services. Furthermore, firms are making good use of vendors — like privacy certification (44%) and risk management and response technologies (43%) — to assist with many of their compliance needs.



Balancing Compliance With Exceptional CX Is A Key Challenge For Firms

GDPR comes with a host of strict privacy and transparency rules — all of which could seem daunting to firms. However, the primary difficulty for those preparing to comply before May 2018 is the idea that customers must remain delighted by their experiences, even with all these new restrictions in place. In other words, it is precisely because firms are centering the needs of customers, that they find this implementation process challenging. Our study found:

- › **Transparency and consent management are primary concerns.** Thirty percent of firms rate transparency and consent management as a top GDPR/ePrivacy challenge for their organization. This and resource and budget allocation are in fact the top three issues firms face. While allocation complications are largely internal organizational challenges, issues of transparency and consent are more customer-facing. This shows that firms are both concerned with how they will accomplish compliance and the impact of compliance on their customers.
- › **Compliance with individual data subjects' rights is GDPR's most daunting aspect.** GDPR is a thorough regulation with many directives, but it is compliance with a data subject's rights that seems most challenging to firms. Thirty-four percent of firms say it is their top challenge.
- › **The critical challenge: balancing exceptional CX with compliance.** Not surprisingly, given what firms have reported, once GDPR takes effect, respondents are most concerned about their ability to balance compliance with best-in-class customer experiences (see Figure 3). Another third are also concerned that the required communications about customer data and privacy issues will impact customer experiences negatively. But they also acknowledge the opportunity to use compliance — and all the encounters and communication that come with it — to enhance customer experiences. Thirty-two percent of respondents worry about maintaining communication with users in a way that enhances their experiences with the organization. This balance between compliance and CX is critical if firms want to continue to win, serve, and retain their customers in a post-GDPR world.



Once in effect, firms will need to ensure customer experiences aren't negatively impacted by GDPR requirements: a critical challenge.



Figure 3

“What challenges are you anticipating when the GDPR takes effect?”



Almost one-third of firms also worry about the ability of their privacy and data communications to continually enhance customer experiences.

Base: 263 data and compliance decision makers in the US, UK, Germany, and France
Source: A commissioned study conducted by Forrester Consulting on behalf of Evidon, September 2017



Firms Believe Their Businesses Will Ultimately Benefit From Compliance

Firms view the introduction of GDPR and revisions to the ePrivacy directive as not just an inevitability, but an opportunity. Simple compliance with these new and revised regulations is not the final goal. Done well, these necessitated changes are a business opportunity to gain competitive edge, differentiate themselves in the market place, and continue to win, serve, and retain customers.

FIRMS ANTICIPATE SWEEPING CHANGES TO THEIR ORGANIZATION AND PROCESSES

Survey respondents noted:

- › **Privacy by design will become critically important.** Nearly half of firms say that, after May 2018, the fundamental change to their organization will be more emphasis on privacy by design (48%). Similarly, 36% believe that company culture will shift and be organized around privacy. Firms are clearly anticipating a privacy-related shift in how they organize and run their organizations.
- › **Bidirectional risk concerns will alter vendor relationships and technology adoption processes.** In order to establish and maintain compliance, 40% of respondents anticipate a more disciplined approach to the marketing stack. This will take several forms. Continuously auditing vendors to ensure compliance (65%), designing and implementing new processes to gain visibility into third-party practices (64%), and writing GDPR requirements directly into third-party contracts (64%) will all become necessary. Additionally, 60% of firms say they will no longer work with vendors that can't demonstrate continued compliance. The story is similar when it comes to other technology adoption processes. Respondents agree that tech vendors must be able to assure firms that they are demonstrably compliant and that they are rigorously maintaining said compliance in order to keep these business relationships with GDPR-compliant firms (see Figure 4). This all indicates acknowledgement on firms' part that it's not enough that they are compliant — in fact, 31% of firms say that managing third-party provider risks is a challenge to their organization. The risk to them is not just from within, but from any partner or vendor they may decide to work with going forward.



Figure 4

“To what extent do you agree or disagree with the following statements about the need to amend your marketing vendor relationships at your company after GDPR and ePrivacy take effect?”



“To what extent do you agree or disagree with the following statements about the need to amend your technology adoption processes after GDPR and ePrivacy take effect?”



Base: 263 data and compliance decision makers in the US, UK, Germany, and France
 Source: A commissioned study conducted by Forrester Consulting on behalf of Evidon, September 2017

ALL BOATS RISE WHEN COMPLIANCE IS DONE WELL

Our study found:

- › **Customers will be happier, more loyal, and more engaged.** Ensuring your organization is in alignment with GDPR and ePrivacy imperatives doesn't only mean you'll avoid fines; there is a real business opportunity here as well. Thirty-five percent of firms expect to see improved customer satisfaction, 34% expect increased customer loyalty, and 30% expect more engaged customers because of compliance with the privacy regulations.
- › **Firms will also enjoy brand lift.** But it's not just customers who benefit from these changes. Thirty-two percent of firms expect the perception of their brand to improve as a result of GDPR/ePrivacy compliance. And this in turn will also result in greater brand differentiation in the marketplace (26%) (see Figure 5). Compliance with GDPR and ePrivacy, when done correctly, benefits everyone in the end.

It's time to start thinking about GDPR and ePrivacy compliance as more than just a requirement, or worse yet, a constraint. To succeed, firms must embrace new regulations as a business opportunity.

Figure 5

“What business benefits do you expect becoming GDPR- and ePrivacy-compliant will bring to your organization?”



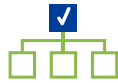
Base: 263 data and compliance decision makers in the US, UK, Germany, and France
Source: A commissioned study conducted by Forrester Consulting on behalf of Evidon, September 2017



Both customers and brands will benefit from GDPR and ePrivacy compliance.

Key Recommendations

Forrester's in-depth survey of data and compliance decision makers yielded several important recommendations for those looking to transform compliance with GDPR from a banal legal requirement into a business advantage:



Create a cross-functional privacy working group. When privacy is administered solely by legal, compliance, and security teams, it never gets the support and visibility it needs from the business. Cross-functional privacy teams — including CX, product, marketing, and customer insights — elevate the visibility of privacy, and ensure there are privacy champions in every part of the organization.



Adopt privacy by design (PbD). In most firms, privacy and data protection are merely a checkbox as they design products and services, or roll out customer engagement strategies. By adopting privacy by design, the organization ensures that data collection and use are considered early in the planning phase. While PbD is outlined as one of GDPR's requirements, we recommend that firms practice it because it makes good business sense, and not just to comply with the letter of the law.



Make privacy a corporate social responsibility. Values-driven consumers increasingly expect the brands they do business with to be good corporate citizens. An organization's privacy program can be a powerful driver of trust with these consumers. Identify an executive sponsor to be the voice of the program, and follow the lead of firms that publish transparency reports and describe their data practices in plain language.

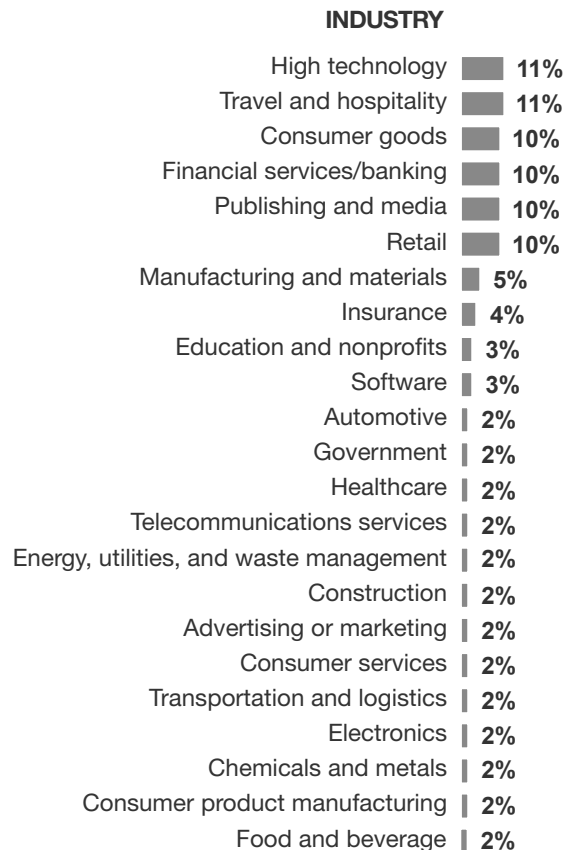
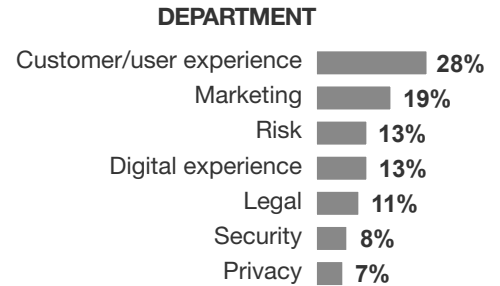
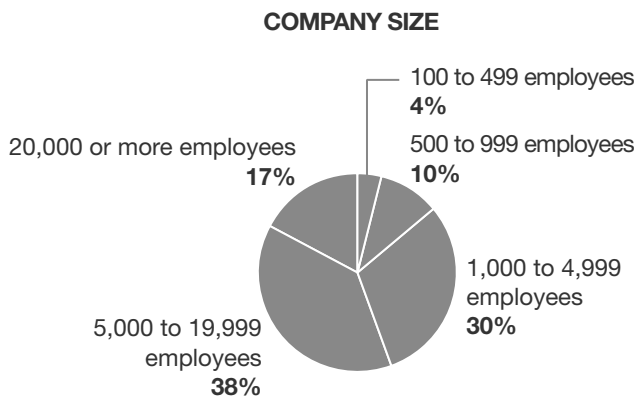
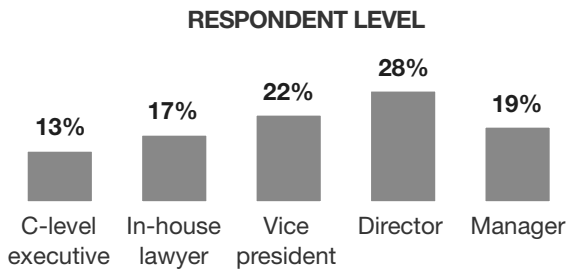
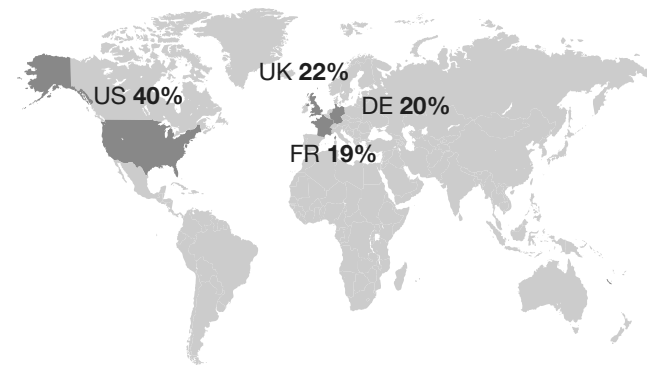


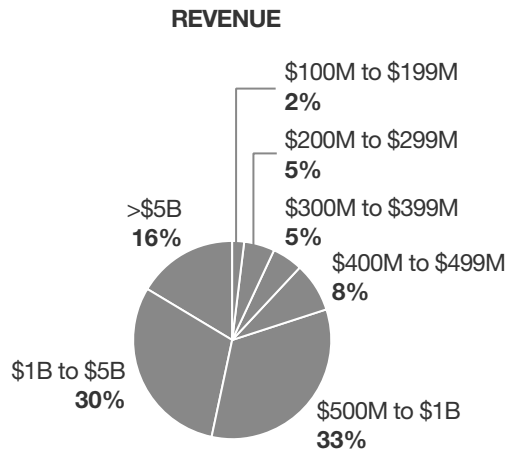
Create great experiences around consent and preference. Instead of lamenting the increased requirements around consent, use these interactions to delight customers. Design consent experiences that drive users not just to opt-in to a single data collection mechanism, but to share information that you might not otherwise get access to, like content and frequency preferences.

Appendix A: Methodology

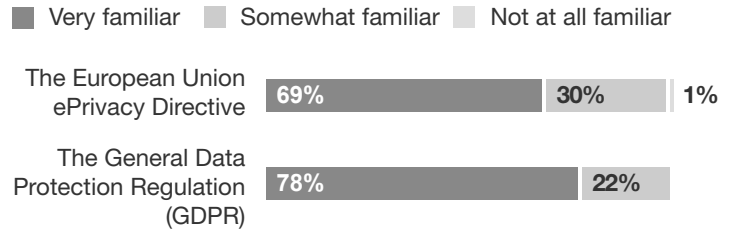
In this study, Forrester conducted an online survey of 263 data and compliance decision makers in the US, UK, Germany, and France to evaluate firms' readiness for the introduction of GDPR and changes to the ePrivacy directive. Survey participants included managers and above in organizations that either operate in or do business with Europe. Respondents were offered an incentive as a thank you for time spent on the survey. The study began and was completed in September 2017.

Appendix B: Demographics/Data





“How familiar are you with the following regulations?”



Base: 263 data and compliance decision makers in the US, UK, Germany, and France

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Evidon, September 2017

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Marketers: Rate Your Customer Privacy Proficiency,” Forrester Research, Inc., October 31, 2017.

“The Five Milestones To GDPR Success,” Forrester Research, Inc., April 25, 2017.

“Assess Your Data Privacy Practices With The Forrester Privacy And GDPR Maturity Model,” Forrester Research, Inc., April 21, 2017.

Appendix D: Endnotes

¹ For a rundown of major changes involved in GDPR, see “Quick Take: EU Gives The General Data Protection Regulation Some Sharp Teeth,” Forrester Research, Inc., December 17, 2015.