

RESEARCH REPORT
JULY 2018



GDPR Compliance Status

A Comparison of US, UK and EU Companies

Independent research conducted by Dimensional Research on behalf of TrustArc





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I. Introduction by Chris Babel, CEO of TrustArc



The May 25, 2018 EU General Data Protection Regulation (GDPR) compliance deadline has passed and the question on everyone's minds is – how did we do? Were companies inside and outside the European Union able to become compliant by the deadline? How much did they spend on their GDPR efforts? What were their biggest GDPR challenges and did they need outside help and resources to meet those challenges? What motivated companies to become GDPR compliant? How did companies in the US, UK and EU (countries other than the UK) compare in their efforts?

To help find answers to these questions, Dimensional Research surveyed 600 legal, information technology and privacy professionals in June of 2018, split equally between the US, the UK and a sampling of other EU countries. For all of the respondents, privacy represented at least 25% of their job. The participating companies included a mix of small, mid-sized and large companies, from all major industry sectors.

At TrustArc, we have worked with companies of all sizes around the world to become GDPR compliant by helping them understand the requirements and deploy technology solutions to support their compliance and risk management objectives. There are a few findings from the survey that I find particularly interesting and worth highlighting. I also will point out a few trends that become evident when comparing these July, 2018 results against the results of a similar survey of US and UK professionals that Dimensional Research conducted for TrustArc in August, 2017 and which we reported on [here](#).

Significant GDPR Compliance Progress Has Been Made

Key findings from the research highlight that 20% of companies surveyed believe they now are GDPR compliant, while 53% are in the implementation phase and 27% have not yet started their implementation. EU companies are further along, with 27% reporting they are compliant, versus 12% in the US and 21% in the UK. While many companies have significant work to do, 74% expect to be compliant by the end of 2018 and 93% by the end of 2019. A comparison to our August 2017 research shows significant progress has been made in the past ten months. The number of companies whose GDPR implementation is under way or completed increased from 38% to 66% in the US and from 37% to 73% in the UK.

The greatest challenges for the respondents to becoming GDPR compliant included the complexity of the regulation and the shortage of qualified internal staff and privacy expertise needed to deal with those complexities. Contrary to the common view that the fear of GDPR fines would be the prime motivator for companies to become compliant, the respondents overwhelmingly cited support of their corporate values and meeting the expectations of their customers and partners as the primary drivers. In terms of progress with respect to which processes were brought into compliance first, the respondents are furthest along with customer facing processes such as cookie consent management and individual rights management and most behind on non-customer facing issues such as international data transfer mechanisms and vendor management.

The GDPR Journey Has Been Costly, But Was Worth It

GDPR compliance programs have proven to be expensive endeavors. The research shows that 68% of the respondents have spent more than six figures already on GDPR compliance and that 67% expect to spend an additional six figures by the end of 2018. Comparing US, UK and EU respondents' budgets, the US respondents had the biggest GDPR budgets per company. 25% of US companies spent over 1 million dollars each on compliance versus 10% for UK companies and 7% for EU companies.



Introduction (continued)

However, despite the cost, most companies felt that the GDPR journey was worth it. 65% of respondents view GDPR as having a positive impact on their business and only 15% view the GDPR as having a negative impact on their business. In addition, GDPR will continue to drive privacy investment - 87% of companies indicated that data privacy will become more important post-May 25th and 80% plan to increase their spending on GDPR technology and tools to maintain compliance.

What Comes Next For GDPR-Compliant Companies?

Maintaining and managing GDPR compliance is, of course, the top priority for the respondents. However, a second goal for the respondents is to be able to demonstrate that their companies are GDPR-compliant. In addition to producing Article 30 and Article 35 reports, 50% of the respondents intend to seek a GDPR validation for their programs, rather than wait for the issuance of the official GDPR certification.

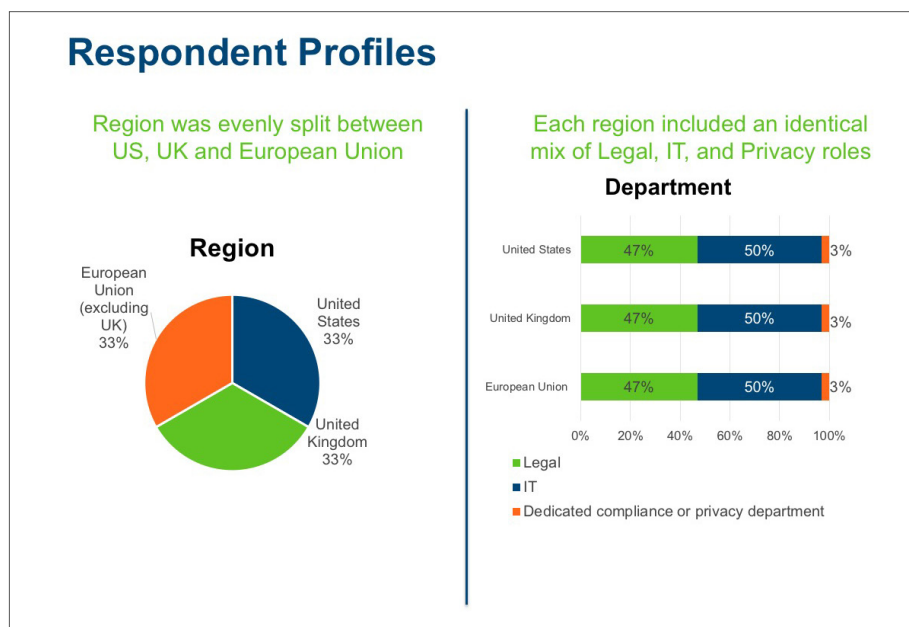
Conclusion

Companies have devoted an immense amount of effort and expense in an attempt to meet the EU GDPR compliance deadline of May 25, 2018. The survey conducted by Dimensional Research on behalf of TrustArc shows that there is a lot of work yet to be done in order for all companies to achieve full GDPR compliance, as well as for them to monitor, maintain and demonstrate ongoing compliance in a repeatable and efficient manner. The good news is that companies realize that the effort and expense will have a positive effect on their businesses and is well worth the investment.

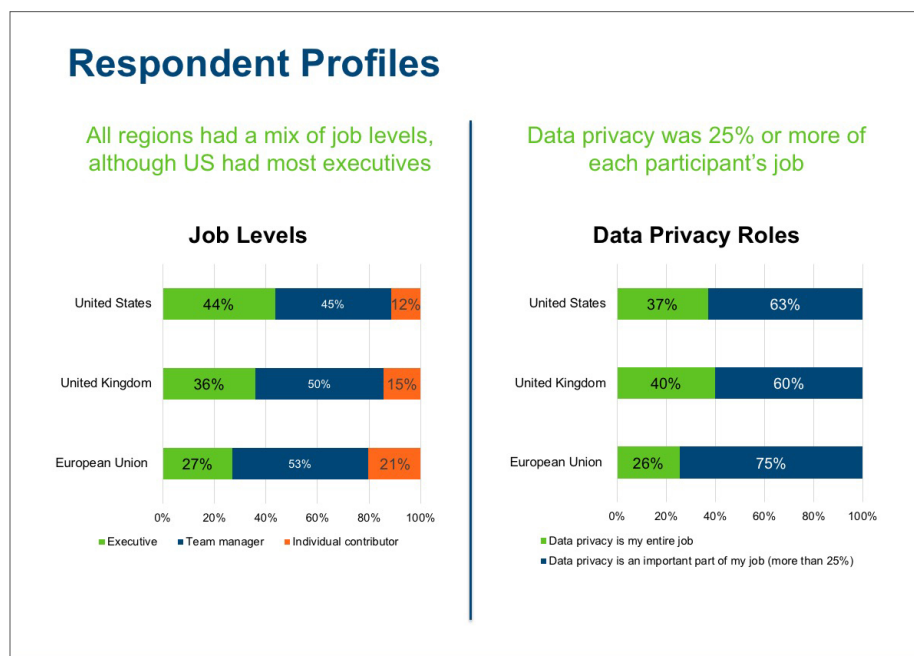
II. Survey Methodology & Demographics

Please note that throughout this report, references to the EU exclude the UK, which is reported separately. Also, due to rounding, percentages shown in the charts may not always total 100%.

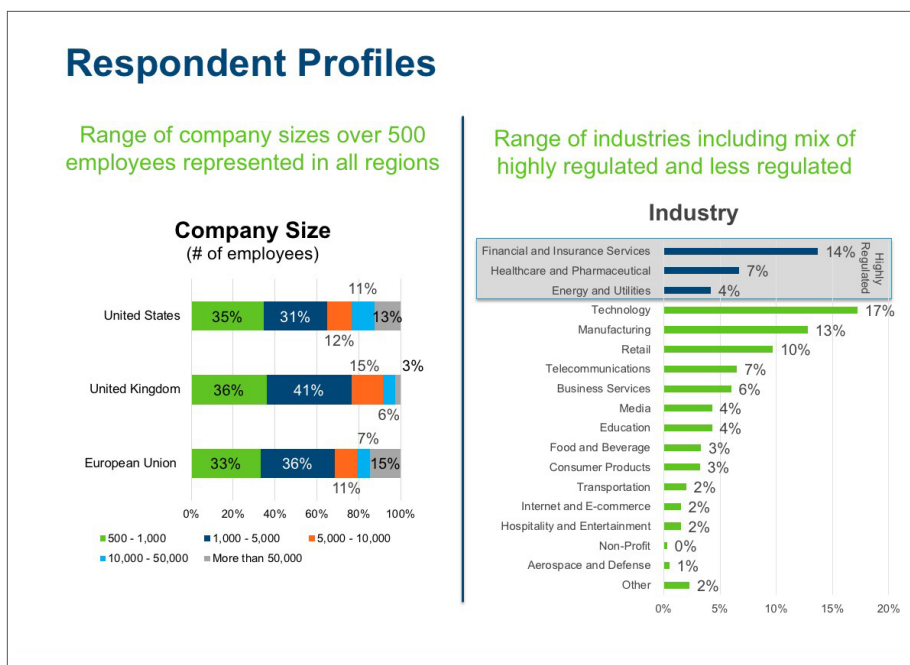
The survey was fielded online from June 4- 15, 2018 to 600 IT and legal professionals in the United States, United Kingdom and non-UK European Union countries, equally divided at 200 respondents for each of the three geographic territories. Each of the three geographic groups contained the same mix of professionals with legal, information technology and privacy roles – 50% IT, 47% legal and 3% dedicated privacy. Certain questions were repeated from an August, 2017 survey of US and UK professionals in order to understand trends in GDPR compliance status.



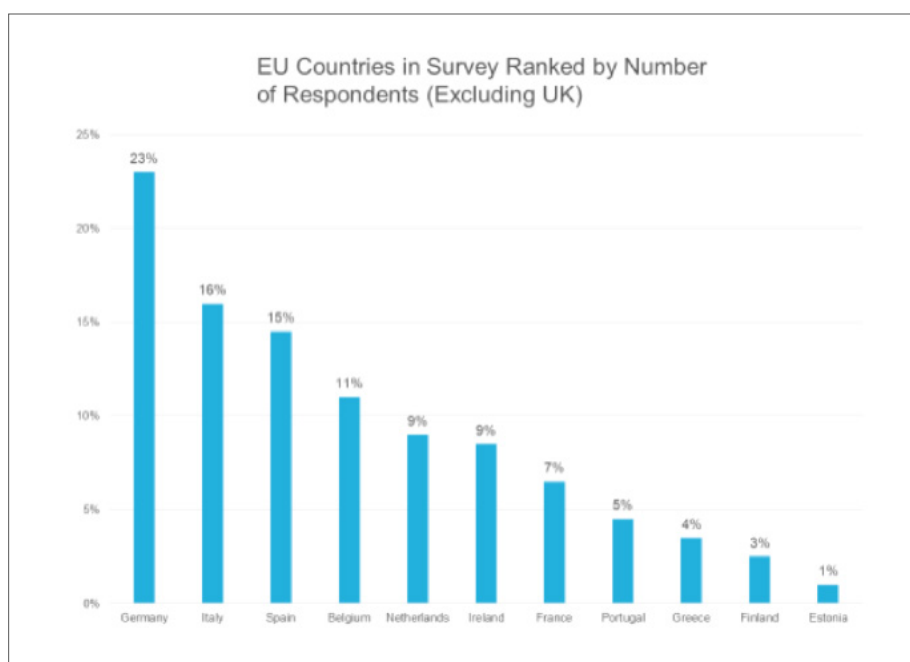
Each of the three geographic groups had a similar mix of executives, team managers and individual contributors. Data privacy represented 25% or more of each respondent's job.



The minimum size of company surveyed was 500 employees. The mix was roughly one-third companies with 500-1,000 employees, one-third companies with 1,000-5,000 employees and one-third companies with over 5,000 employees. Companies came from a wide range of industries, including companies in highly regulated industries: financial and insurance services (14%), healthcare and pharmaceutical (7%) and energy and utilities (4%); and companies not in highly regulated industries: technology (17%), manufacturing (13%) and retail (10%).

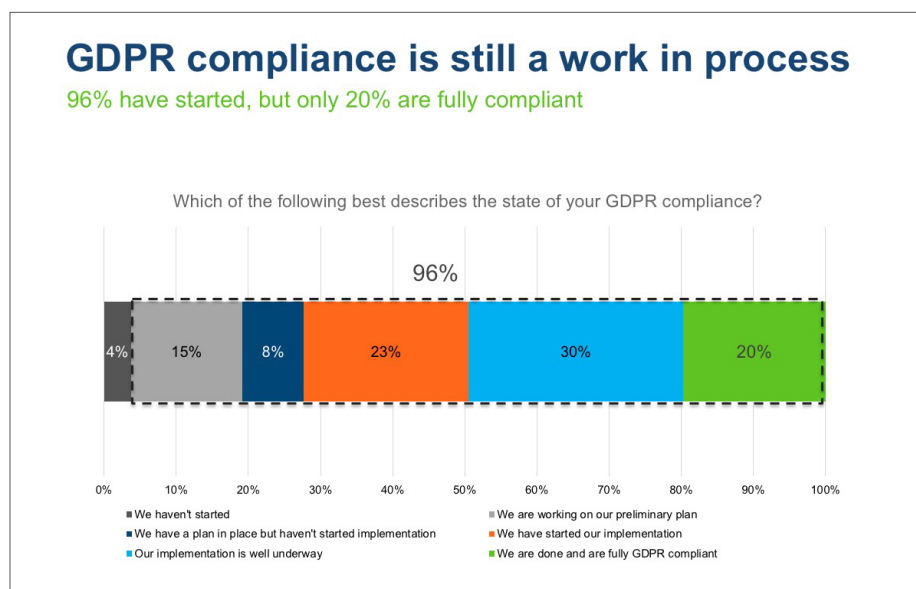


Respondents were surveyed from a cross-section of EU member countries. The largest number of respondents were from companies located in Germany (23%), Italy (16%), Spain (15%), Belgium (11%), Netherlands and Ireland (9% each) and France (7%).



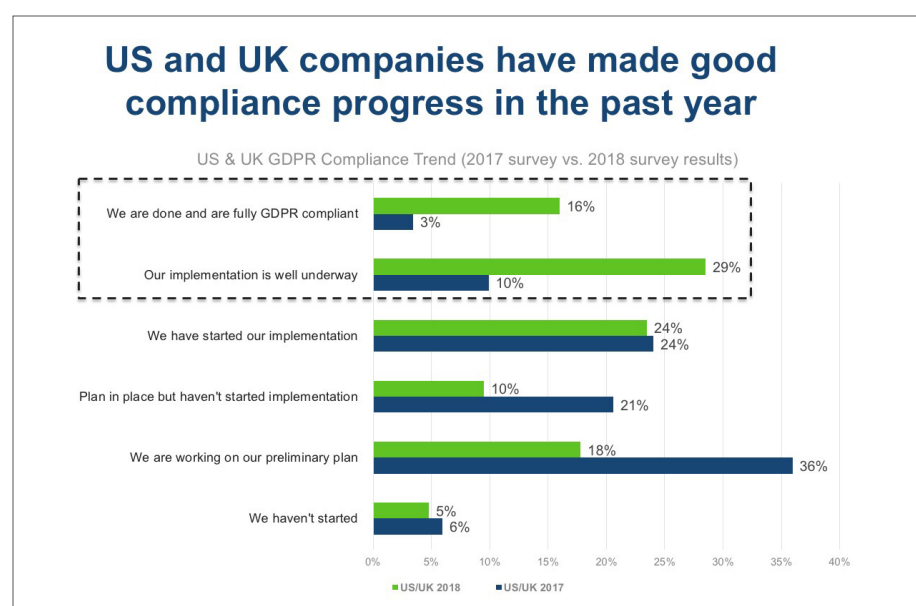
III. Results

Organizations Have Made Good Progress Toward GDPR Compliance, But Considerable Work Remains. 96% of all respondents have started their GDPR compliance programs and 53% are in the implementation phase. 20% of the respondents have completed their work and consider themselves fully GDPR-compliant.

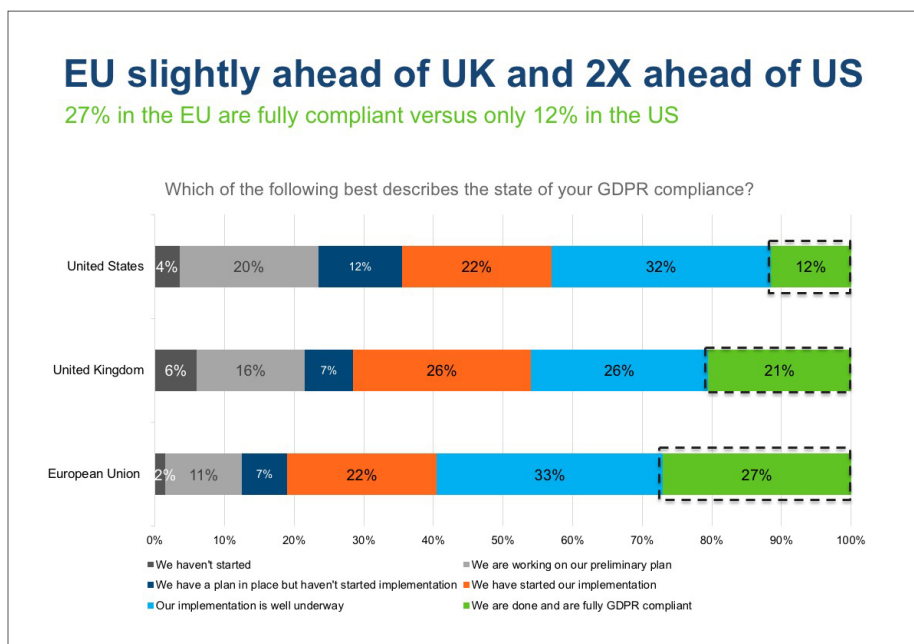


Respondents in both highly regulated and unregulated industries had roughly the same compliance status. Both groups had 53% with implementations underway, with 21% of highly regulated companies being fully compliant and 19% of companies not highly regulated being fully compliant.

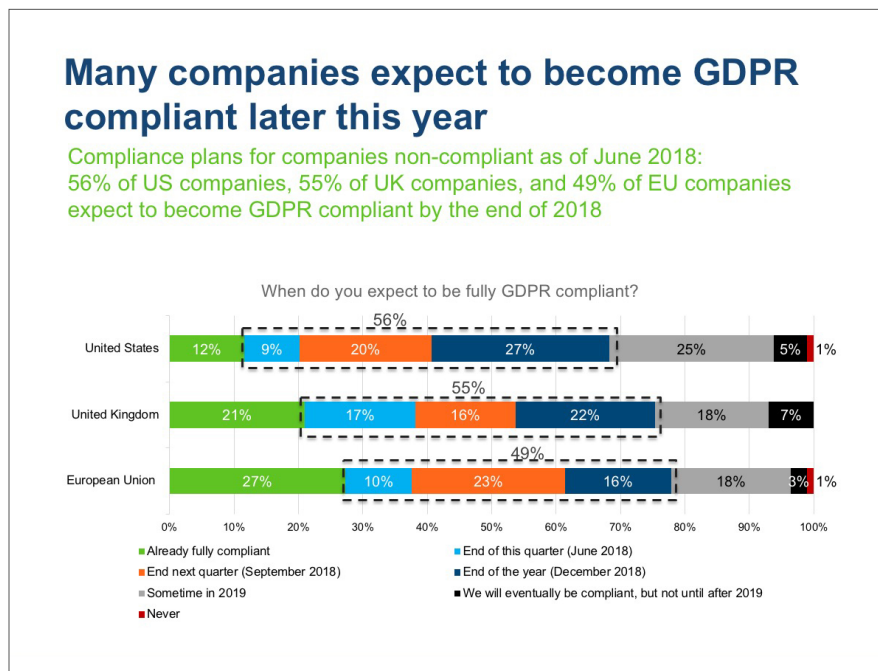
US and UK Companies Made Significant Compliance Gains. Comparing this 2018 survey with the August, 2017 results, it is clear that US and UK companies made considerable progress in the past 10 months. US and UK companies combined have gone from only 3% fully compliant in 2017 to 16% fully compliant in May, 2018. Also, their implementation status has gone from 10% responding that their implementation was “well underway” in August, 2017 to 29% in May, 2018. Comparing US against UK companies in terms of being fully compliant, UK companies have made greater progress. US companies went from 4% fully compliant in 2017 to 12% compliant in 2018 while UK companies went from 3% fully compliant in 2017 to 21% compliant in 2018.



EU Leads UK and US On Full Compliance Status. EU companies are slightly ahead of UK companies in the percentage of companies being compliant (EU at 27% and UK at 21%). EU companies are more than two times ahead of US companies in terms of reaching GDPR compliance (EU at 27% and US at 12%).

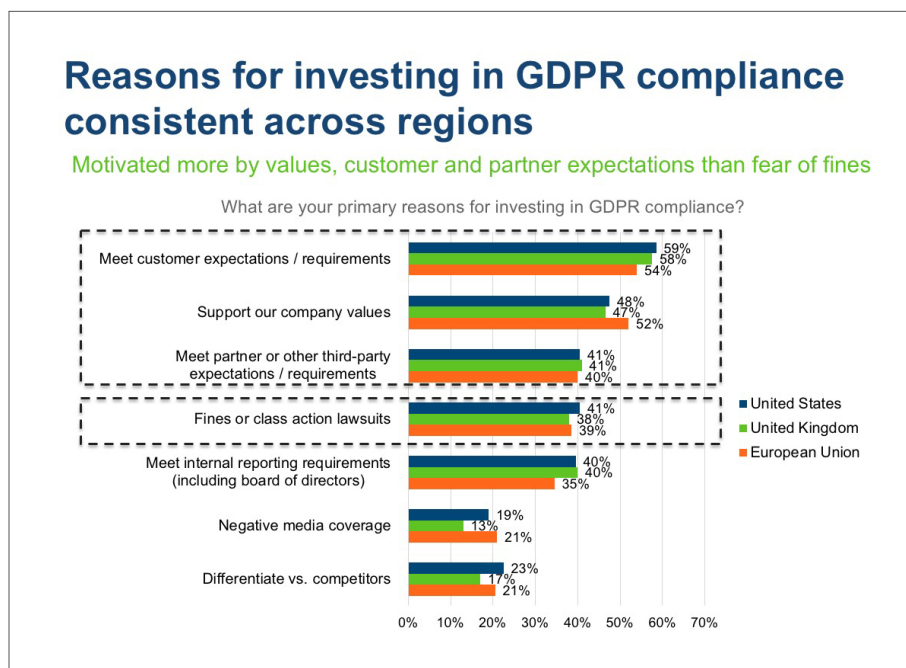


Most Companies Not Yet Fully Compliant Racing To Comply by End of 2018. While only 20% of all respondent companies were fully GDPR compliant by the May 25, 2018 deadline, a large percentage of the remaining companies expect to be compliant by the end of 2018 - 49% of EU respondents, 55% of UK respondents and 56% of US respondents. By the end of 2018, the percentage of all respondents expecting to be compliant (including those companies already compliant) will be 76% EU, 76% UK and 68% US.

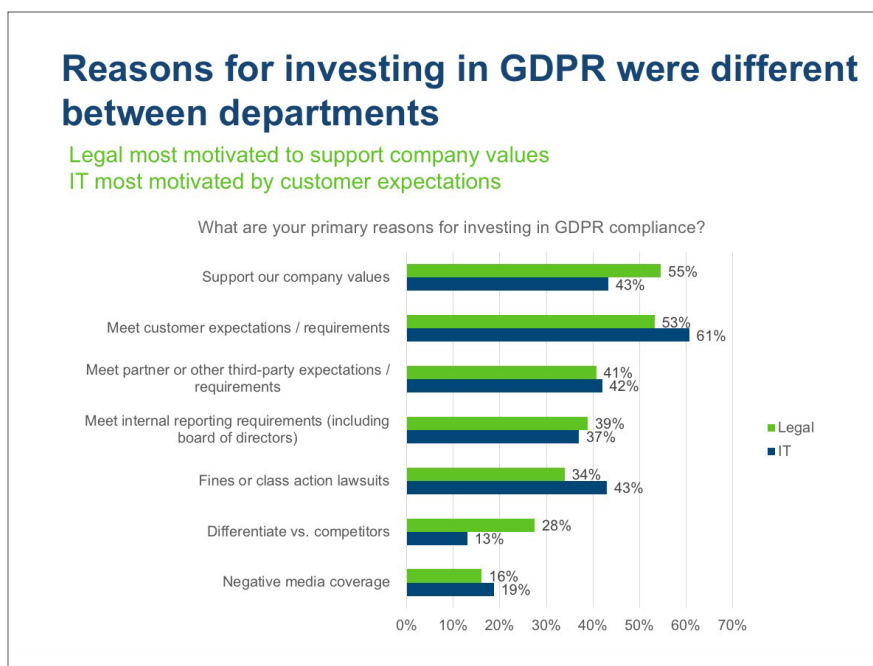


For the EU, UK and US combined, 74% expect to be fully compliant by the end of 2018 and 93% expect to be fully compliant by the end of 2019.

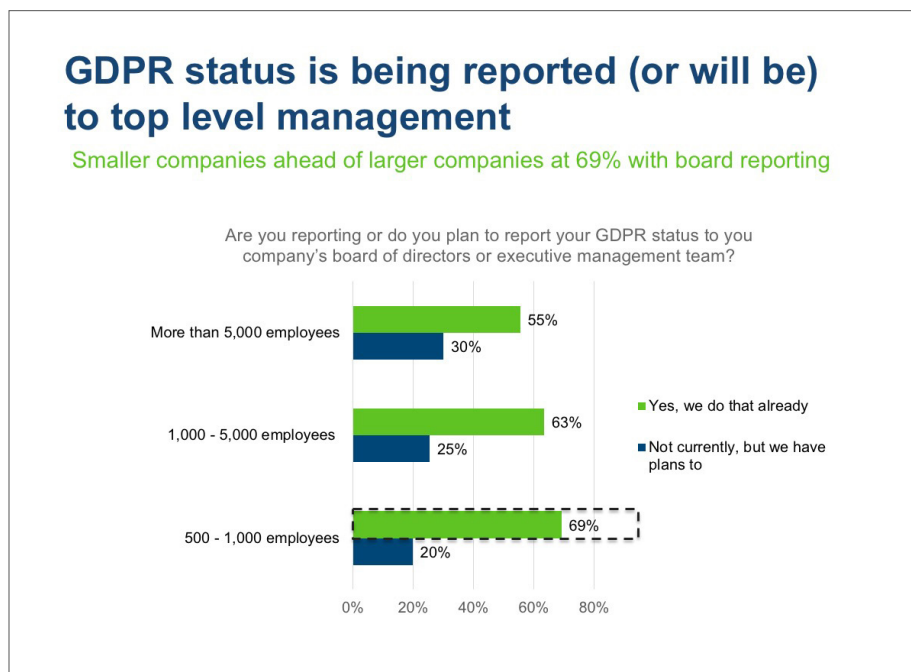
Compliance Efforts Fueled By Customer Expectations More Than Fear Of Fines. Although much has been made in the press about the potentially large fines that could be levied against companies that are not GDPR-compliant, respondents were motivated more by a desire to meet customer and partner expectations than by fear of fines or lawsuits. Meeting customer expectations also was the top motivator for companies whether they were highly regulated or not.



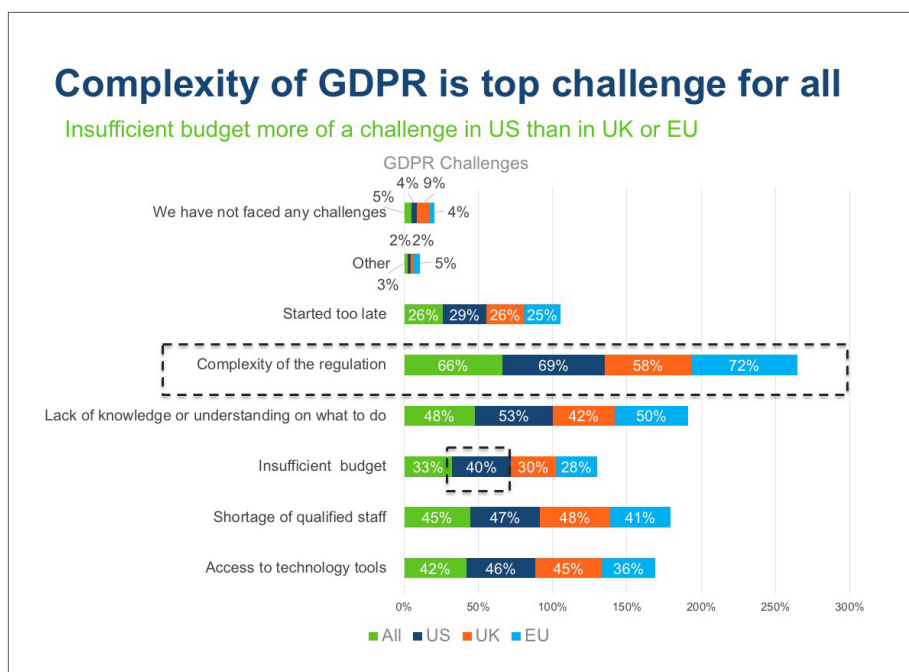
Legal Professionals and IT Professionals Have Different Motivations. Although the respondents as a whole were most motivated to invest in GDPR compliance to meet customer expectations and support company values, the Legal and IT survey respondents differed somewhat from each other, with Legal ranking “support company values” (at 55%) as having about the same importance as “meeting customer expectations” (at 53%), while IT ranked meeting customer expectations (at 61%) as significantly more important than supporting company values (at 43%). IT also was more concerned about GDPR fines and litigation (at 43%) than Legal (at 34%).



GDPR Compliance Is a C-Level and Board of Directors Concern. As further evidence that compliance with the GDPR is not just a mid-level manager concern, more than half of the respondents, irrespective of size of company have reported on their GDPR status to their executive management teams or boards of directors. This also was the case whether the company was highly regulated or not highly regulated.



GDPR Complexity Was the Biggest Challenge. While the GDPR posed significant challenges to the respondent companies in terms of budgeting, access to technology tools and lack of sufficient time, the greatest challenge identified by the respondents centered on the complexity of the regulation. This was true both for companies that are highly regulated and those that are not. Exacerbating this problem was the shortage of qualified staff and other personnel who knew how to design and implement a GDPR program.



GDPR Posed Different Challenges For Legal and IT. Legal and IT respondents both felt that the greatest challenge to GDPR compliance was the complexity of the regulation. However, the two teams differed with respect to other GDPR challenges, with Legal ranking access to technology tools as more of a challenge for them (58%) than did IT (30%). Legal also felt budget was more of a challenge (40%) than IT (26%).

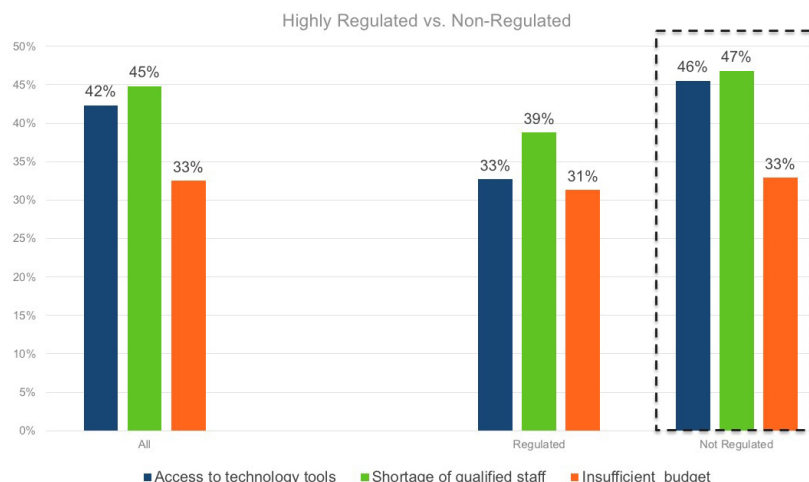
GDPR compliance has been challenging for both IT and Legal teams

Complexity of regulation top challenge for both IT and Legal
Legal faces much higher levels of difficulty with access to technology and budget



Do Highly Regulated Companies Have a GDPR Advantage? It appears that highly regulated companies may have had a GDPR advantage over non-regulated companies in terms of having access to qualified staff and access to technology and tools to support their GDPR projects. 47% of companies in industries that are not highly regulated faced a shortage of qualified staff versus only 39% of companies in highly regulated industries.

Non-regulated companies face bigger challenges with GDPR expertise, tools, budget

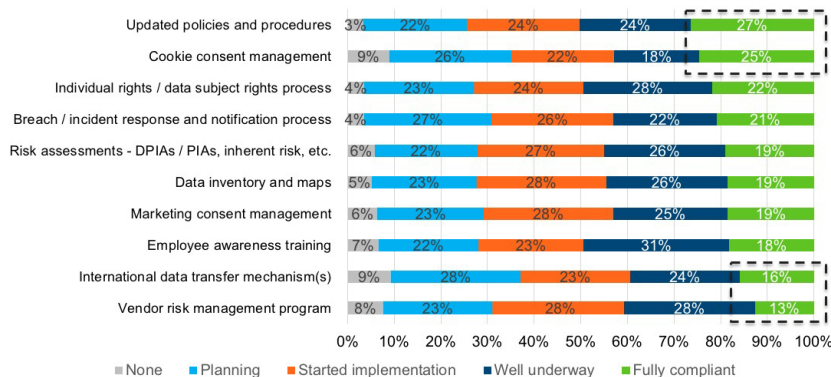


Respondents Furthest Ahead On Customer-Facing Processes. In line with the goal of meeting customer expectations, respondents reported being most compliant with updating policies and procedures (27%) and cookie consent management (25%) and furthest behind with respect to international data transfer mechanisms (16%) and vendor risk management (13%).

Key GDPR requirements have varying levels of progress

Policy updates, cookie consent most advanced (27% / 25% fully compliant)
Vendor risk, data transfer least advanced (13% / 16% fully compliant)

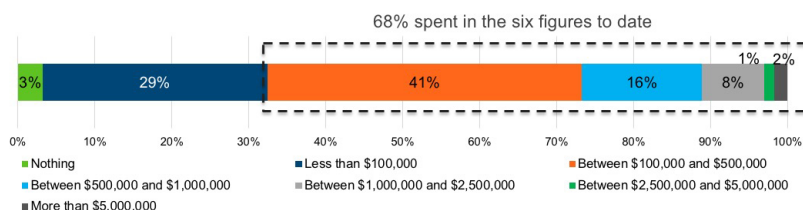
For each of the following GDPR requirements, rank your current level of progress toward compliance.



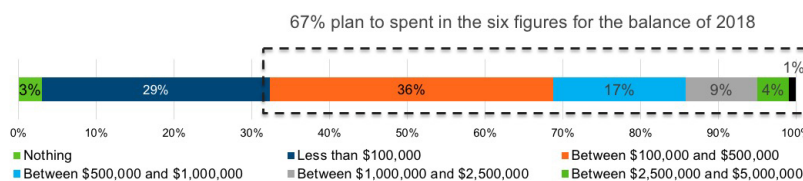
GDPR Spending Will Continue at a Fast Pace Post-May 25. 74% of the respondents expect to be fully compliant by the end of 2018 and the cost to reach that goal may be an additional expenditure equal to what was spent in the run-up to May 25th. 68% of the respondents already have spent more than six figures on GDPR compliance and 67% expect to spend an additional six figures by the end of 2018. A larger percentage of companies that are not highly regulated plan to spend over \$1 million more by end of 2018 (15%) than companies that are highly regulated (12%).

GDPR Compliance is an Expensive Endeavor

Approximately how much has your company spent on GDPR compliance efforts to date?

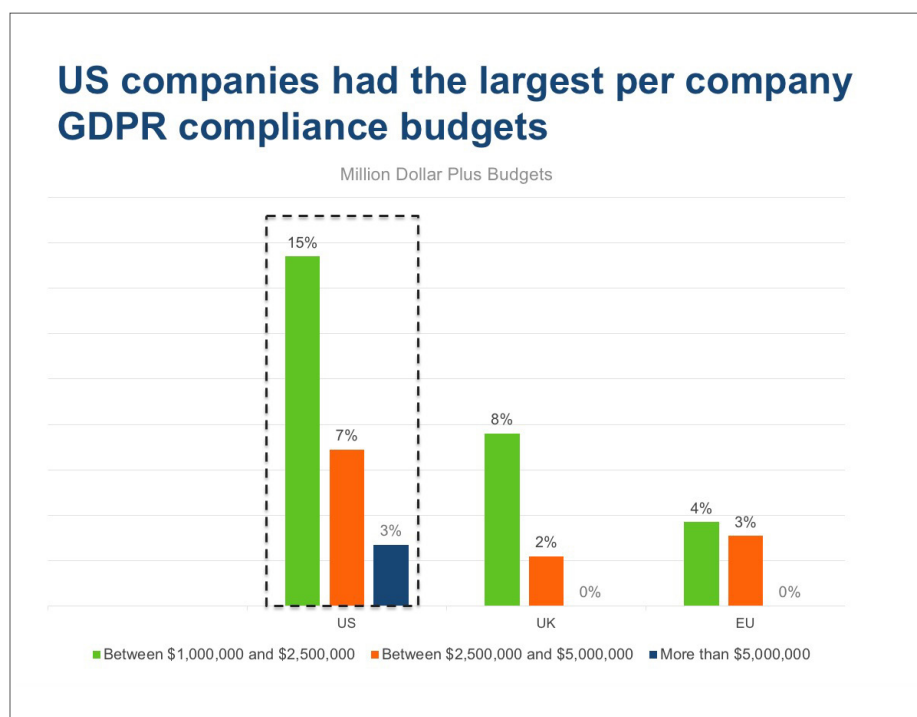


Approximately how much do you plan to spend on GDPR the remainder of 2018 (Jun - Dec)?

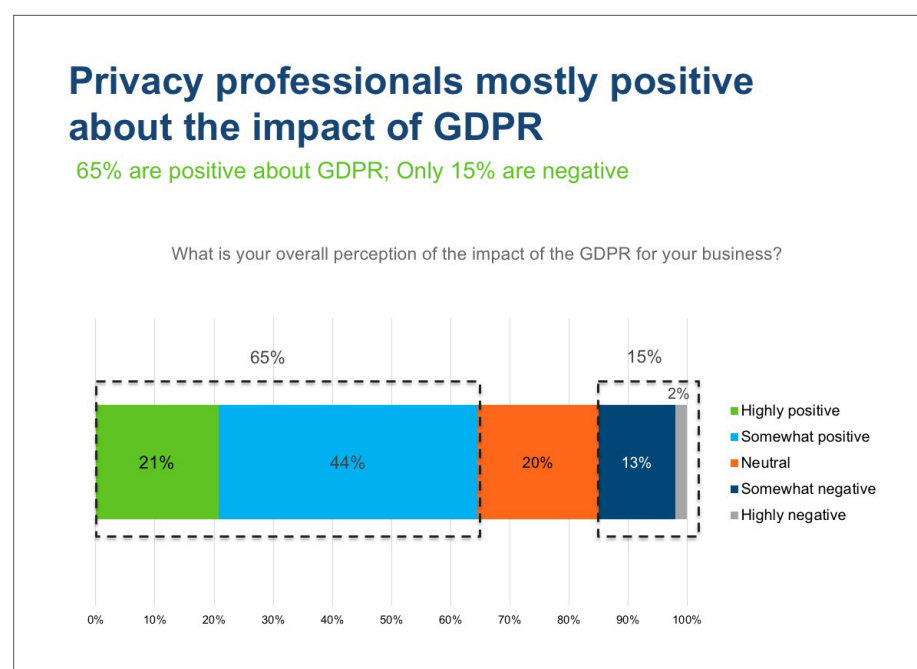


Includes all internal and external personnel, training, consulting, legal advice, technology, tools, and other costs.

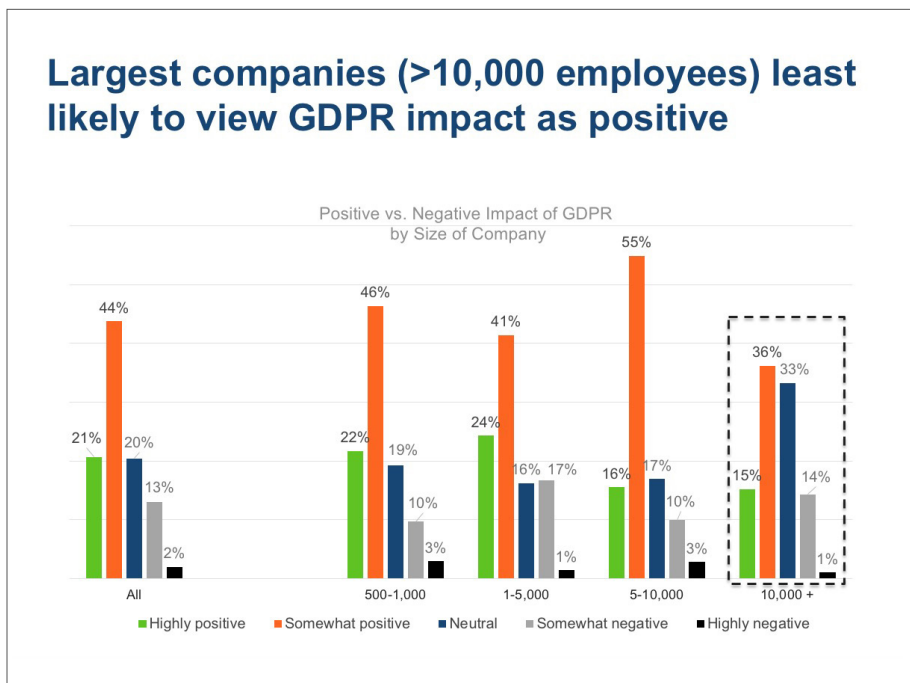
Big Budget GDPR Programs in the US. Although twice as many EU companies report being compliant as compared to their US counterparts, US respondents had significantly higher GDPR budgets. 10% of US respondents had GDPR budgets over \$2.5 million versus 2% for the UK and 3% for the EU. 15% of US respondents had GDPR budgets between \$1 million and \$2.5 million versus 8% for the UK and 4% for the EU).



Impact of GDPR on Businesses Seen Mostly as Positive. Despite the respondents' large GDPR compliance expenditures and concerns about the complexity of the regulation, 65% of the respondents believe that the GDPR will have a positive impact on their businesses, while only 15% feel that the impact will be negative, with 20% expecting the impact to be neutral.



GDPR Seen Least Positive at Largest Companies. Looking at respondents who believed the GDPR would have a positive impact on their businesses, mid-sized companies with 5,000-10,000 employees had the highest positive perception at 71%. Companies with over 10,000 employees had the least positive perception of GDPR at 51%. Companies that were highly regulated had a slightly less positive perception (at 54%) of GDPR than did the companies that were not highly regulated (at 68%).



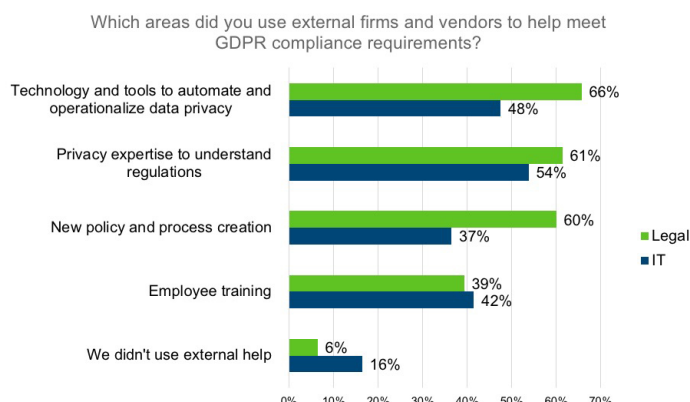
Most Companies Needed Help With GDPR. The overwhelming majority (87%) of respondents needed 3rd party help with their GDPR projects - the most external help needed was for privacy expertise to understand the regulation and GDPR technology and tools. This was also the case whether the respondent company was highly regulated or not highly regulated.



Legal Needed More Outside Help Than IT. Almost all (94%) of the Legal respondents needed external GDPR help, as compared to 84% of IT respondents needing outside help.

Legal teams much more likely to secure external help with GDPR

94% of Legal teams and 84% of IT teams worked with external firms



GDPR Technology Widely Used. The respondents relied on a variety of GDPR technology solutions to support their programs. Governance, Risk and Compliance software and internally-developed systems were relied upon most heavily, with 30% relying on other types of commercial privacy software (other than GRC software).

A wide range of technology solutions used to implement GDPR

94% used technology - with GRC software and internal systems the most common



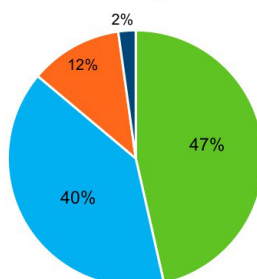
Privacy Comes to the Forefront. Despite the passage of the GDPR deadline, respondents overwhelmingly (87%) felt that privacy will become even more important at their companies, with 47% expecting it to become significantly more important.

Privacy will become even more important with the passing of the GDPR deadline

87% say privacy will become MORE important, including 47% that characterize the increase as "significant"

Now that the May 25th GDPR deadline has passed, how will the importance of data privacy management change at your company?

- It will become significantly more important
- It will become slightly more important
- It will not change
- It will become less important



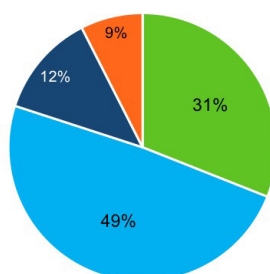
Increased Reliance on GDPR Technology. As the respondents become compliant and move into the ongoing management phase, they intend to rely more upon technology, with 80% increasing their technology spend, 49% increasing their spend "somewhat" and 31% planning "substantial" increases in their spends. 33% of companies that are not highly regulated planned "substantial" increases as compared to 25% of highly regulated companies.

Most plan to increase their technology investment to support ongoing GDPR

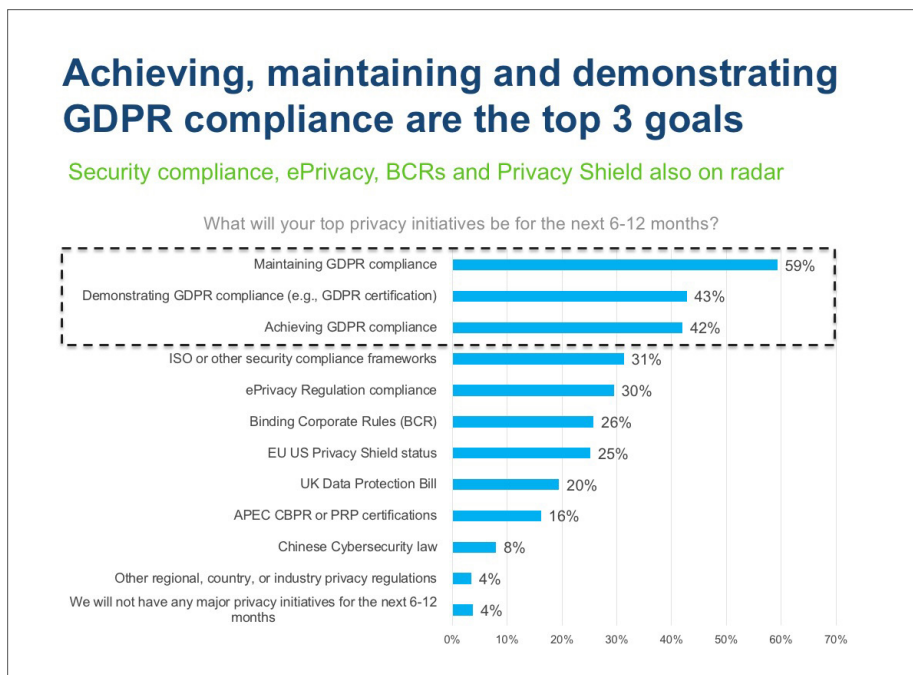
80% will increase technology and tool investments, including 31% that characterize their planned increase as "substantial"

Do you plan to increase your investment in technology and tools to support your ongoing GDPR compliance efforts?

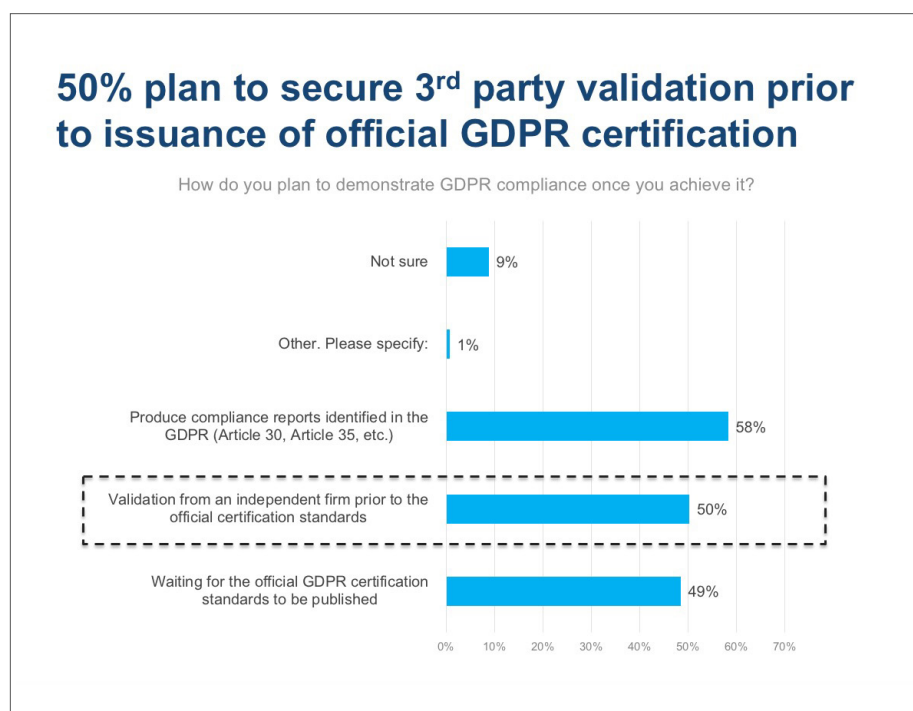
- Yes, substantially
- Yes, somewhat
- No, we have the right tools in place
- No, we do not have or plan to implement any tools



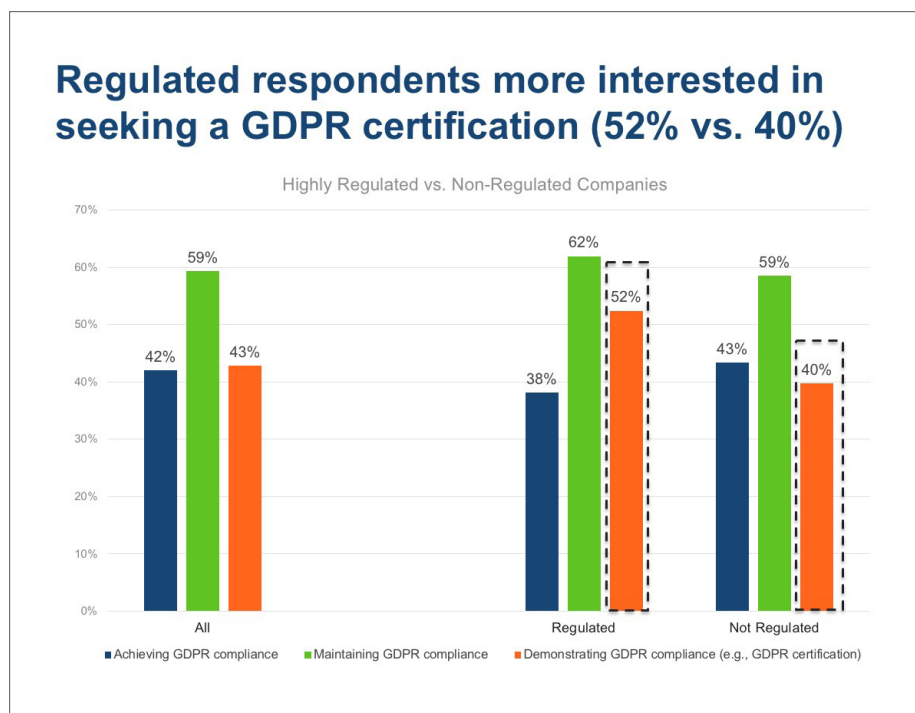
Demonstrating GDPR Compliance Now a Top Priority. While maintaining GDPR compliance is the top need for respondents, the ability to demonstrate compliance, such as with a GDPR certification, comes in as the second-highest ranked need.



GDPR Certification Versus GDPR Validation. As expected, the respondents anticipate relying on GDPR compliance reports, such as GDPR Article 30 and 35 reports to demonstrate their compliance. In addition, 50% of the respondents do not plan to wait for the issuance of the official GDPR certification but will instead seek to obtain a 3rd party GDPR validation.



Who Wants a GDPR Certification More? Companies which are highly regulated are more likely to seek a GDPR Certification (52%) than companies that are not highly regulated (40%).



IV. Conclusion

Achieving and maintaining GDPR compliance is a complex and expensive initiative for companies of all sizes, across all geographies and industries. While only a small percentage (20%) reported being compliant by the May 25 deadline, almost all have started (96%), three quarters (74%) expect to be compliant by the end of 2018 and almost all (93%) expect to be fully compliant sometime in 2019. But achieving compliance is just the first milestone. The good news is most companies (87%) report that the importance of privacy will continue to increase at their company, their GDPR budgets will remain strong in the second half of 2018, and they expect to invest more in technology in tools (80%).

Some other key findings from the research are summarized below:



GDPR is a work in progress

- Companies are motivated more by values and customer and other third party expectations than by fear of fines and litigation;
- Companies are further ahead with updating policies and cookie management than with international data transfer and vendor risk management;



GDPR has been challenging but rewarding

- Top challenges are - GDPR complexity and lack of expertise, qualified staff and GDPR technology and tools;
- 65% are positive about the impact of GDPR on their business;



GDPR will continue to dominate privacy efforts

- Achieving, maintaining and demonstrating GDPR compliance are the top three privacy priorities over the next 6-12 months;
- 50% of respondents will seek a third party GDPR validation rather than wait for the official GDPR certification

About TrustArc

TrustArc is the leader in data privacy compliance and risk management solutions through its unmatched combination of innovative technology, expert consulting and TRUSTe certification solutions that together address all phases of privacy program management. The TrustArc Privacy Platform is the foundation for all of its solutions, delivering a flexible, scalable and secure way to manage privacy and comply with the global privacy regulations, including the EU's General Data Protection Regulation (GDPR). Refined over seven years of operating experience across a wide range of industries and client use cases, the TrustArc Privacy Platform is fortified by its in-depth services that leverage deep privacy expertise and proven methodologies that it has continuously enhanced over two decades and thousands of client projects. Headquartered in San Francisco, and backed by a global team, TrustArc helps over 1,000 clients worldwide demonstrate compliance, minimize risk and build trust.

For further information on the TrustArc GDPR offerings, visit trustarc.com/products/gdpr-privacy-solutions.

TrustArc Solutions Address Range Of Needs

Platform, consulting, training and certification solutions



Privacy Platform	Privacy Consulting & Training	Privacy Validations
<ul style="list-style-type: none"> Data Flow Manager Assessment Manager Cookie Consent Manager Website Monitoring Manager Direct Marketing Consent Mgr Individual Rights Manager Ads Compliance Manager 	<ul style="list-style-type: none"> GDPR Readiness Assessment Strategic Priorities Assessment Vendor Risk Assessment DPIA / PIA Program Dev Breach Response Plans Policies and Procedures Privacy Awareness Training 	<ul style="list-style-type: none"> GDPR Validation Privacy Shield Verification APEC CBPR Certification COPPA Certification TRUSTe Enterprise Certification

About Dimensional Research

Dimensional Research, based in Sunnyvale, California, is a market research firm that specializes in practical research services for technology companies. Dimensional Research clients represent a wide range of the most successful technology organizations — from start-ups to Fortune 500 companies. Its clients offer technology products and services used by IT teams, business stakeholders, consumers, developers and everyone in between.