Research Overview

• Research was conducted from May 10 - 17, 2017 by Dimensional Research
• Respondents were US based privacy professionals from companies who are subject to the EU GDPR
• Minimum company size = 500 employees
• Respondent company headquarters: 92% US or Canada; 5% EU, 1% other Europe, 1% Asia Pacific, 1% Mexico, Central or South America
• Respondents work in legal, IT, compliance and privacy functions
• For 36% surveyed, privacy was their entire job
• For 64% surveyed, privacy was an important part of their job (over 25%)
• Note – due to rounding, some totals will not sum to exactly 100%
Research Results Summary

General Findings
• Data Privacy Importance Growing - 96% say importance of managing privacy is increasing; 68% stating significantly more important
• Privacy is Getting Harder - 98% say complexity of managing privacy is increasing
• Many Involved in Managing Privacy – Legal, IT, Compliance and Privacy top the list
• Privacy Spending Increasing - 97% increasing their investment in managing privacy
• Technology Needs Growing - 95% say need for technology to manage privacy growing
• Key Partner Capabilities - 50% prefer partners that offer both technology and consulting

GDPR Findings
• Help Needed Across Wide Range of Areas - GDPR planning top need
• GDPR Deadline Approaching - 61% have not begun implementation (5/25/18 deadline)
• Help Needed For Wide Range of Areas - 99% investing in additional capabilities
• GDPR Technology Investments - 55% will invest in technology and tools
• Overall GDPR Spending High - 83% expect GDPR spending to be six-figures
• Large Company GDPR Spending - Nearly 1 in 4 large companies expect to spend over $1M to address GDPR
Respondent Demographics

### Job Level
- Executive: 39%
- Team Manager: 47%
- Individual Contributor: 14%

### Company Size (# employees)
- 500 - 1,000: 13%
- 1,000 - 5,000: 29%
- 5,000 - 10,000: 14%
- 10,000 - 50,000: 34%
- More than 50,000: 10%

### Industry
- Financial and Insurance Services: 22%
- Technology: 17%
- Manufacturing: 11%
- Business Services: 8%
- Education: 6%
- Retail: 5%
- Energy and Utilities: 5%
- Telecommunications: 4%
- Healthcare and Pharmaceutical: 3%
- Consumer Products: 3%
- Transportation: 3%
- Internet and E-commerce: 3%
- Other: 2%
- Media: 2%
- Aerospace and Defense: 2%
- Hospitality and Entertainment: 2%
- Food and Beverage: 2%
- Non-Profit: 1%
General Privacy Market Findings
Question: How is the importance of data privacy management changing at your company?

• Overall, 68% state managing privacy is becoming significantly more important.
• Amongst companies with 5,000+ employees, 79% state privacy becoming significantly more important vs. 67% for medium and 54% small companies.
Privacy Getting Harder
98% say complexity of managing privacy is increasing

Question: “How is the complexity of data privacy management changing at your company?”

- 56% of respondents state privacy is becoming **significantly** more complex
Multiple Functions Responsible for Managing Privacy
Top functions include legal, IT, compliance, privacy, and data governances

Question: Which of the following job functions are involved in managing data privacy compliance including GDPR at your company?

- Legal
- IT including IT security and risk management
- Compliance
- Privacy
- Data governance or data management
- Executive team
- HR
- Business analytics
- Physical security (i.e. security at facilities)
- Engineering or product development
- Business unit
- Marketing

TrustArc / Dimensional Research 2017
Primary Privacy Ownership Limited to a Few Groups

Legal dominates ownership in smaller companies; Compliance and Privacy ownership increases in larger companies

<table>
<thead>
<tr>
<th>Employee Count</th>
<th>Legal</th>
<th>IT</th>
<th>Compliance</th>
<th>Privacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 5,000 Employees</td>
<td>20%</td>
<td>32%</td>
<td>28%</td>
<td>11%</td>
</tr>
<tr>
<td>1,000 - 5,000 Employees</td>
<td>36%</td>
<td>24%</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>500 - 1,000 Employees</td>
<td>44%</td>
<td>32%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Which of these job functions has **PRIMARY** responsibility for data privacy?

Note – Percentages do not total to 100% - table excludes functions reporting under 5% ownership (e.g., data governance, engineering, marketing, physical security, executive team)
Privacy Expertise and Guidance Needs Growing
97% say need for expertise or guidance for privacy increasing

Question: How is the need for expertise or guidance to manage data privacy changing at your company?

- 50% state that the need for expertise or guidance to manage data privacy is growing **significantly** greater
Question: How is the need for technology and tools used to manage data privacy changing at your company?

- 51% state that the need for technology to manage data privacy is growing **significantly** greater.
Spotlight on Data Inventory Management
Top challenges include maintaining, lack of technology and tools, lack of resources

Question: What challenges does your company face when managing data inventory and privacy risk assessment projects?

- Difficult to maintain and update: 57%
- Lack appropriate tools and technology: 56%
- Lack of internal resources: 54%
- Don't have processes in place: 36%
- Don't know where the data resides within company: 28%
- We don't think we need to do these: 20%
- Don't know how to do them: 12%
- Other: 2%
- We don't face any challenges: 2%
Mix of Technology Tools Used to Manage Privacy

GRC software most common resource at 66%

- Governance, Risk, and Compliance (GRC) software: 66%
- Internally-developed system: 59%
- Free or open-source privacy software solutions: 50%
- Standard desktop tools including email and spreadsheets: 39%
- Other types of commercial privacy software (other than GRC): 37%
- Other: 1%
- We do not use any technology resources to manage privacy compliance: 1%

Question: What technology resources do you use to manage privacy compliance at your company?

- Use of commercial privacy software (non GRC) rises to 44% amongst larger enterprises (5,000+ employees)
Privacy Spending Increasing
97% increasing their investment in managing privacy

Question: “Consider the entire investment your company is making to manage data privacy compliance at your company – including internal and external resources, training, consultants, tools, and all other costs…How is this investment changing?”

• 47% of respondents state privacy spending is becoming significantly larger
Privacy Partner Capabilities
Industry experience tops the list

- Experience in our industry: 48%
- Years of experience providing privacy solutions: 39%
- Number of clients using company for privacy solutions: 34%
- Offerings include privacy technology and consulting services: 34%
- Past or current working relationship with company: 33%
- Company is predominantly focused on privacy: 32%
- Overall size of company: 26%
- Size of privacy team: 23%
- Other: 1%

Question: “Which of the following qualities are MOST important when selecting an external company or firm that offers technology or consulting solutions for privacy?” [respondents chose up to 3]

- Combo technology / consulting offering importance rises to 53% for large companies vs 26% for medium and 19% for small
- Past / current working relationship importance rises to 41% for large companies vs 34% for medium and 20% for small

TrustArc / Dimensional Research 2017
Question: Which of the following statements best represents your company’s preferences when evaluating external privacy solutions and resources?

- Preference for partners providing both technology tools and process / legal expertise increases to 60% for professionals in Legal department vs. 41% in IT department
GDPR Findings

EU General Data Protection Regulation

Compliance Deadline May 25, 2018
Question: “Below is a list of tasks related to data privacy compliance. For each task please indicate the amount of additional help you will need to accomplish these tasks in 2017.”

<table>
<thead>
<tr>
<th>Task</th>
<th>Need significant help</th>
<th>Need some help</th>
<th>Don't need help</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing a GDPR privacy plan</td>
<td>39%</td>
<td>46%</td>
<td>15%</td>
</tr>
<tr>
<td>Addressing international data transfer (Privacy Shield, APEC CBPR, BCRs, etc.)</td>
<td>36%</td>
<td>45%</td>
<td>19%</td>
</tr>
<tr>
<td>Meeting regulatory reporting requirements</td>
<td>30%</td>
<td>49%</td>
<td>21%</td>
</tr>
<tr>
<td>Conducting privacy risk assessments, PIAs, DPIAs</td>
<td>26%</td>
<td>57%</td>
<td>17%</td>
</tr>
<tr>
<td>Creating data inventory and maps</td>
<td>25%</td>
<td>53%</td>
<td>21%</td>
</tr>
<tr>
<td>Data de-identification / anonymization</td>
<td>25%</td>
<td>52%</td>
<td>23%</td>
</tr>
<tr>
<td>Implementing privacy by design / privacy engineering</td>
<td>25%</td>
<td>57%</td>
<td>18%</td>
</tr>
<tr>
<td>Managing privacy incidents and breach notification</td>
<td>23%</td>
<td>53%</td>
<td>23%</td>
</tr>
<tr>
<td>Managing privacy complaints and individual rights</td>
<td>23%</td>
<td>51%</td>
<td>26%</td>
</tr>
<tr>
<td>Creating a vendor risk management program</td>
<td>22%</td>
<td>53%</td>
<td>25%</td>
</tr>
<tr>
<td>Obtaining and managing user consent</td>
<td>22%</td>
<td>41%</td>
<td>38%</td>
</tr>
</tbody>
</table>

TrustArc / Dimensional Research 2017
Wide Range of GDPR Readiness (May 25, 2018 Deadline)
61% have not begun implementation yet

Question: “Which of the following best describes the state of your GDPR compliance?”

- 43% do not have a full plan yet
GDPR Preparedness by Company Size

Question: “Which of the following best describes the state of your GDPR compliance?”
Companies Need a Wide Range of Help With GDPR

99% report needing additional help

- New policy and process creation: 69%
- Privacy expertise to understand regulations: 63%
- Technology and tools to automate and operationalize data privacy: 48%
- Other: 1%
- We don’t need additional help in any area: 1%

Question: Which of the following areas will you need additional help to meet GDPR compliance in 2017 and 2018?

- Need for technology help rises to 59% for larger enterprises (5,000+ employees) vs 36% small (500 – 1,000 employees) and 46% medium (1,000 – 5,000 employees)
- Need for technology help rises to 59% for respondents IT function vs 37% for Legal function
GDPR Investments For Wide Range of Areas

99% will invest in additional capabilities
55% will invest in technology and tools

Question: “What areas will you be investing in to prepare for GDPR?”

- Investments in technology and tools increases to 67% for privacy professionals in IT department vs 47% in Legal department
GDPR Spending
83% Expect GDPR Spending to be Six-Figures

2017 - 2018 GDPR Spending by All Respondents

- 83%: $0 – we don’t expect to spend anything on GDPR in 2017 or 2018
- 42%: Less than $100,000
- 23%: Between $100,000 and $500,000
- 17%: Between $500,000 and $1,000,000
- 17%: More than $1,000,000

Question: “Approximately what is your company’s overall expectation for GDPR-related privacy compliance expenses in 2017 and 2018? Include all internal and external personnel, training, consulting, legal advice, technology, tools, and other costs in your estimate.”

• 40% of responding companies plan to spend at least $500K
GDPR Spending by Company Size
1 in 4 Large Companies Expect to Spend Over $1M

Question: “Approximately what is your company’s overall expectation for GDPR-related privacy compliance expenses in 2017 and 2018? Include all internal and external personnel, training, consulting, legal advice, technology, tools, and other costs in your estimate.”

• Large companies surveyed expect to spend minimum of $28M and maximum of $48M, with median of $39M
Question: “Approximately what is your company’s overall expectation for GDPR-related privacy compliance expenses in 2017 and 2018? Include all internal and external personnel, training, consulting, legal advice, technology, tools, and other costs in your estimate.”
Contact Information
About TrustArc

TrustArc powers privacy compliance and risk management with integrated technology, consulting and TRUSTe certification solutions – addressing all phases of privacy program management.

Our new name, TrustArc, reflects our evolution from a certification company into a global provider of technology powered privacy compliance and risk management solutions.

The foundation for our solutions is the TrustArc Privacy Platform which provides a flexible, scalable, and secure way to manage privacy.

Our technology platform, fortified through six years of operating experience across a wide range of industries and client use cases, along with our services, leverage deep privacy expertise and proven methodologies which we have continuously enhanced through thousands of client projects over the past two decades.

Headquartered in San Francisco, and backed by a global team, we help over 1,000 clients worldwide demonstrate compliance, minimize risk, and build trust.

For more information, visit www.trustarc.com.
TrustArc Offers a Full Range of GDPR and Privacy Compliance Solutions

TrustArc offers a full range of GDPR and privacy compliance solutions, focusing on building, assessing, and managing privacy programs.

- **Build**: Program strategy, processes & policies, data inventory.
- **Assess**: PIAs, DPIAs, risks, data use & transfer certifications.
- **Manage**: Consent controls, ongoing monitoring, compliance reporting.

Privacy Program Framework

Data Privacy Management Platform
TrustArc Solutions Backed by Unmatched People, Process, and Technology

Deep Privacy Expertise
• Large, global, 150+ person team
• Dozens of CIPPs, former CPOs, world renowned policy experts
• Many with decades of experience at top brands across all industries

Proven Methodology
• Informed by 20 years & thousands of engagements
• Based on key global standards: GDPR, FIPPs, OECD, etc.
• Developed by privacy experts, powered by industry leading technology

Powerful Technology
• Purpose build for privacy
• Flexible SaaS architecture
• Used by 1,000+ clients
• Operating at high scale for 6 years
• Ongoing enhancements
• Large engineering & support team
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