4th State of CCPA & GDPR Privacy Rights Compliance Research Report – Q3 2022

92% companies unprepared for CCPA

91% companies unprepared for GDPR

Non-compliant companies are making progress

Publication Date 12/06/2022

Research Overview

CYTRIO, a data privacy compliance company, is publishing the 4th State of CCPA & GDPR Privacy Rights Compliance Report to understand how well U.S. companies are prepared to meet California Consumer Privacy Act (CCPA), California Privacy Rights Act (CPRA), and EU's General Data Protection Regulation (GDPR) DSAR (Data Subject Access Request) compliance requirements. During Q3 2022, CYTRIO researched 1,557 companies, bringing the total number of companies researched to **9,827** companies. In Q3 2022, CYTRIO also investigated insights into compliance improvements among companies that were either non-compliant or partially compliant (using manual processes) in Q1 and Q2 2022.

CYTRIO's independent research uncovered many findings of the readiness of companies to comply with CCPA, CPRA, and GDPR privacy rights, including a key finding that **52.34%** of companies stated they need to comply with CCPA but do not provide a mechanism for consumers to exercise their data privacy rights, while **39.5%** of companies are using expensive and error prone manual processes. **91%** of companies that state they need to comply with GDPR are using manual processes. Further, 3.5% of companies that were using manual processes in Q1 2022 moved to compliance automation solutions, while 9% of non-compliant companies moved to a manual process to comply with CCPA. This tells us companies are slowly moving up the CCPA/GDPR compliance maturity curve.

Research Methodology

The 3rd CYTRIO State of the CCPA Privacy Rights Compliance report, published in July 2022, studied **8,750** U.S. mid to large companies with revenues from $25 million to $5+ billion. In Q3 2022, CYTRIO researched an **additional 1,557** companies for CCPA and GDPR DSAR compliance, bringing the total number of companies researched to-date to **9,827** U.S. mid to large companies. The results in this research are as of September 30, 2022. CYTRIO updates CCPA and GDPR readiness research data on a quarterly basis.

The research investigated many readiness factors, including review of a company's privacy policy, CCPA and GDPR guidance provided in the company's privacy policy (if any), mechanisms provided when CCPA and GDPR guidance is mentioned in the privacy policy, among other publicly available information that indicates a company's readiness for CCPA/CPRA/GDPR DSAR compliance. The research assessed a company's preparedness by considering if a company's privacy policy: (1) has no mention of CCPA (not compliant with CCPA), (2) mentions CCPA and/or GDPR but mechanisms to submit DSARs is rudimentary (e.g., email, telephone only), and (3) redirects CCPA and GDPR DSAR requests to a privacy rights management solution. Privacy rights management solutions provide either automated workflows or automated data discovery plus workflows.
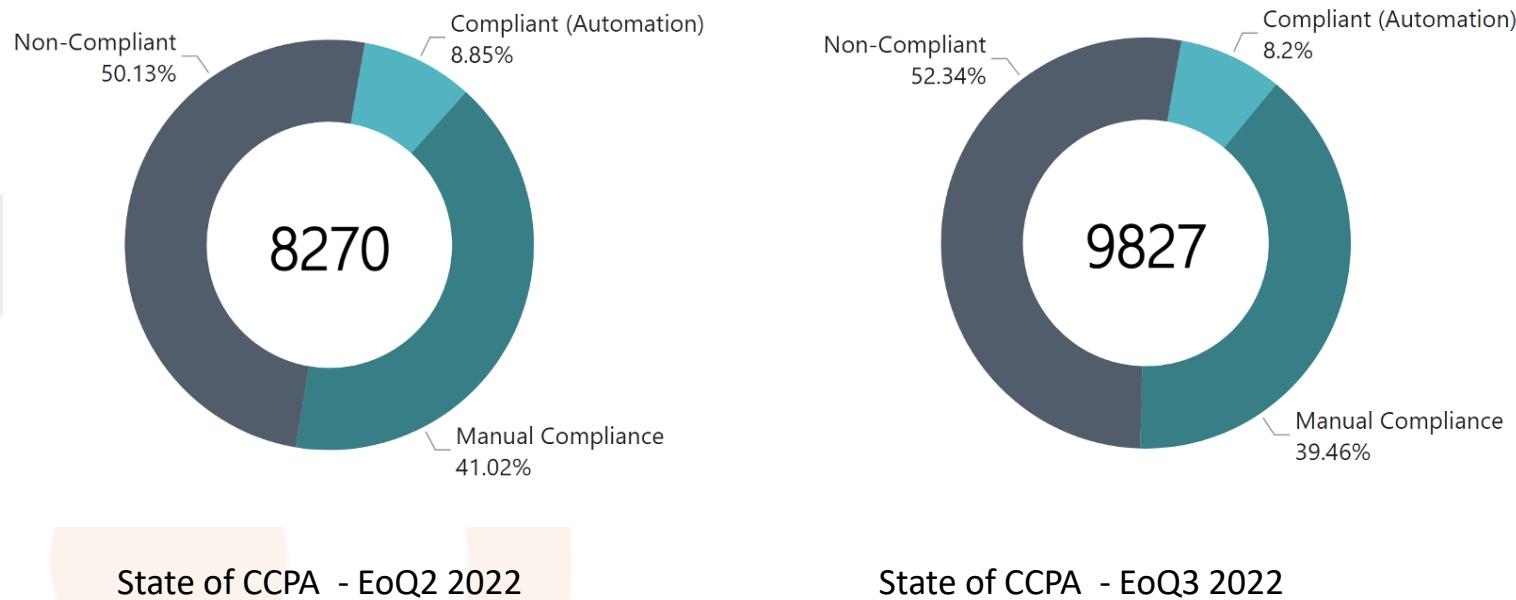
Figure 1: CCPA Readiness Assessment

CYTRIO's research indicates at the end of Q3 2022 that nearly **92%** of companies that must comply with CCPA are not prepared to meet the CCPA privacy rights compliance requirements (i.e. they are non-compliant or partially compliant) especially as it relates to enabling consumers to exercise their data privacy rights, i.e. Data Subject Access Requests (DSARs).

Troubling to find **52.34%** of companies that acknowledge in their privacy policy they need to comply with CCPA do not provide a mechanism for consumers to exercise their data privacy rights.

GDPR %

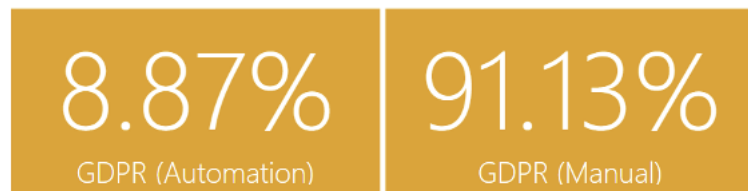| 8.87%	91.13%
GDPR (Automation)	GDPR (Manual)

Figure 2: GDPR Readiness

CYTRIO's research indicates at the end of Q3 2022 that nearly **91%** of companies that must comply with GDPR are ill prepared to meet the GDPR privacy rights compliance requirements (i.e. they are using error prone and expensive manual processes) when managing Data Subject Access Requests (DSARs).

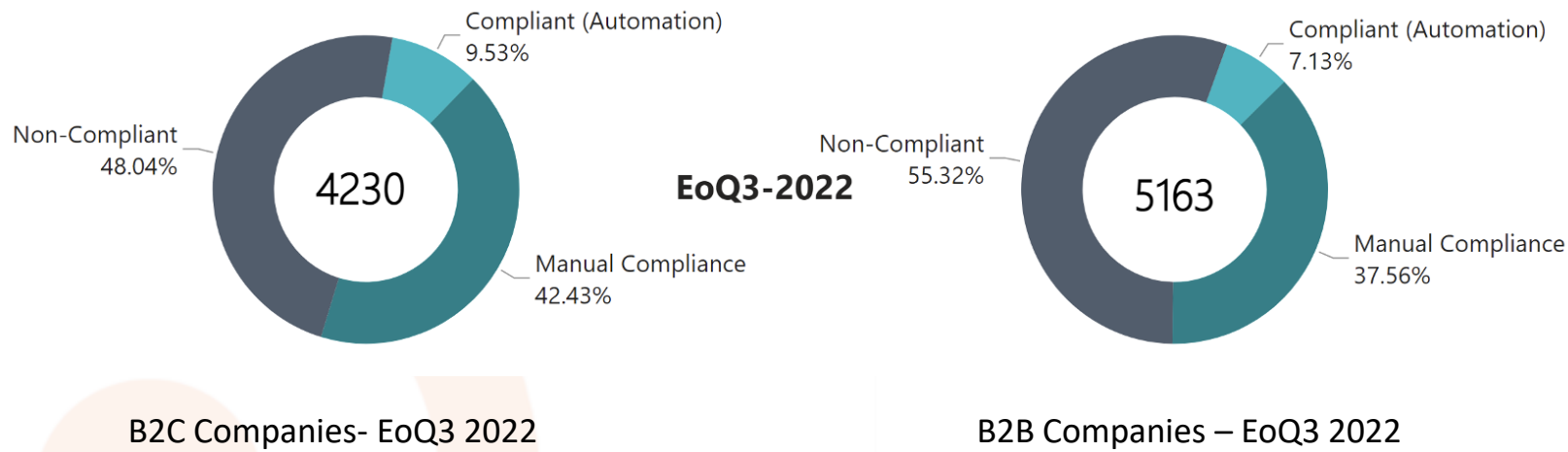# Observation #1 – B2B & B2C companies woefully unprepared for CCPA compliance

Figure 3: B2C vs. B2B CCPA Readiness

B2C companies are more likely to deploy an automation solution and are better prepared to comply with CCPA privacy rights. 9.53% of B2C companies are using automation solutions vs. 7.13% of B2B companies.

55.32% of B2B companies do not provide a mechanism for consumers to exercise their data privacy rights compared to 48.04% of B2C companies.

EoQ3-2022

B2C Companies- EoQ3 2022

B2B Companies – EoQ3 2022

Figure 4: B2C vs. B2B GDPR Readiness

When it comes to GDPR privacy rights compliance, there is noticeable difference between B2C and B2B companies. B2C companies are more willing to implement a privacy rights management automation solution compared to B2B companies.

More than 91% of companies are using manual processes for GDPR compliance.

CYTRIO's research shows that the top 2 most compliant verticals remained the same from the end of Q2 2022 to the end of Q3 2022. In Q3 2022, we noticed Hospitality making its way to the top 3 verticals, nudging out Finance for the 3rd spot. **Business Services, Retail, and Hospitality** made up 56% of the companies researched. This is noteworthy because CCPA is, broadly speaking, agnostic to industry verticals. All businesses must evaluate whether they need to be compliant with CCPA/CPRA according to the guidance in the regulation (i.e. revenue greater than $25M or sells the personal information of 50,000 or more consumers).
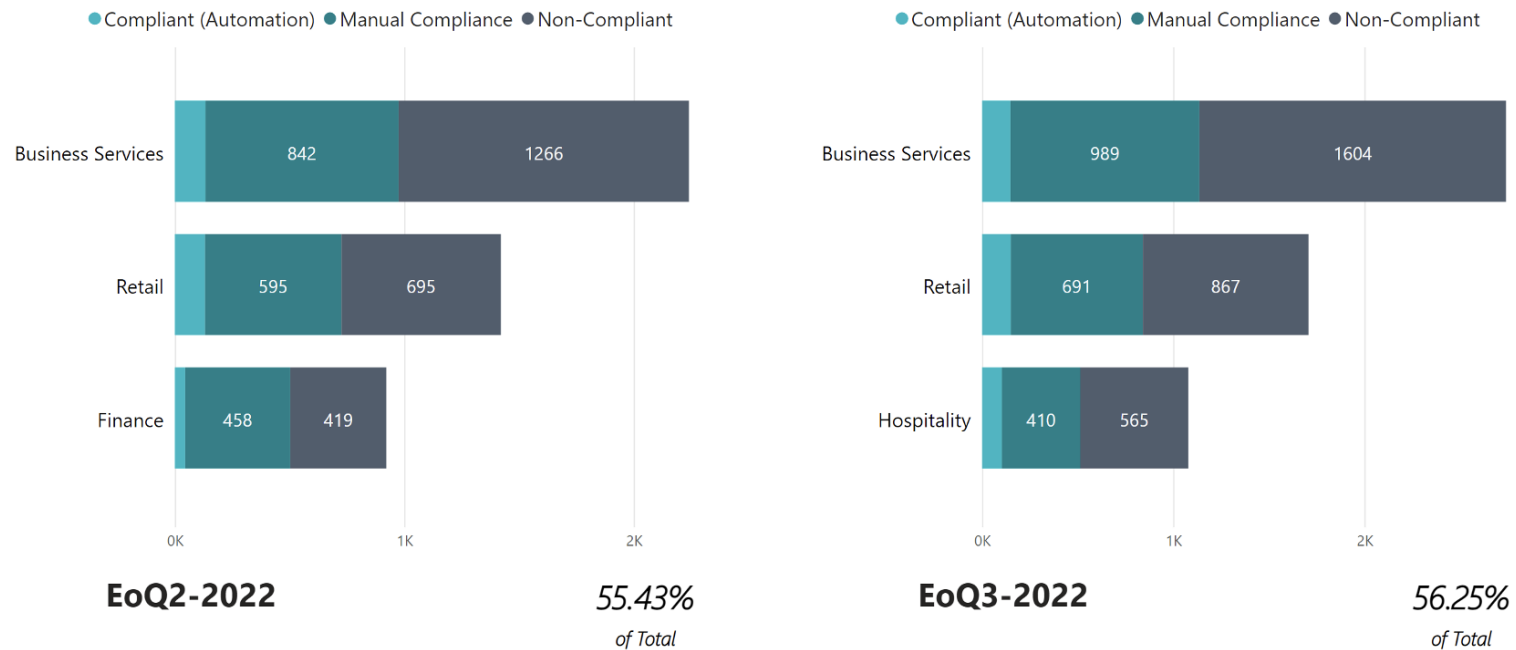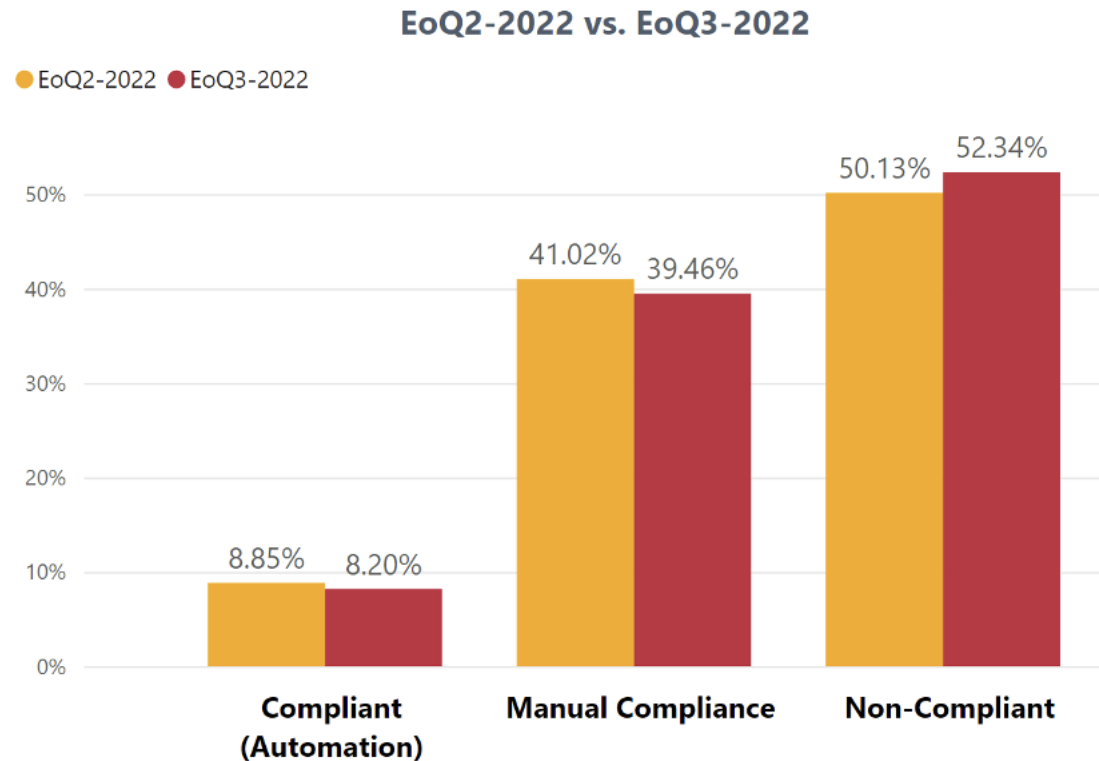

Figure 5: Q1 2022 vs. Q2 2022
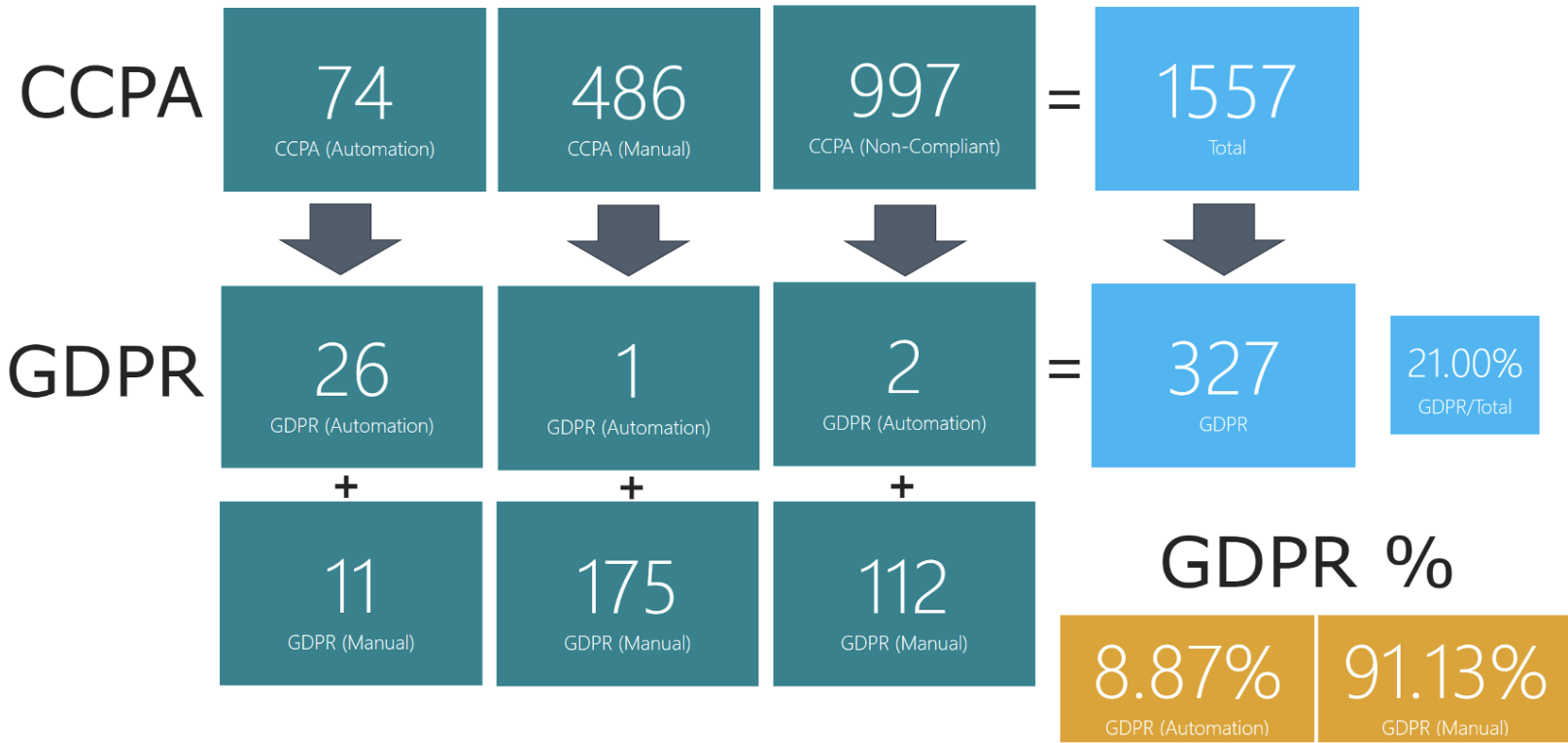
Figure 6: CCPA Readiness Assessment

CYTRIO's research shows that although DSAR automation solutions exist, only 8.2% of the companies researched have deployed a CCPA/CPRA DSAR management automation solution.

Lack of CCPA/CPRA enforcement and low numbers of DSAR requests are the #1 drivers for the slow adoption of automation solutions. With CPPA finalizing CPRA text and moving to taking on a more active CPRA enforcement role, we expect this to change meaningfully in 2023.

Figure 7: CCPA and GDPR Readiness

Among the 1,557 companies researched in Q3 2022, CYTRIO found that **21%** of the companies stated they need to comply with both CCPA and GDPR, consistent with Q2 2022 cohort. Of these, approximately 9% are using privacy rights management automation solutions and **91%** are using manual processes.

Observation #6 – Top 3 states remained the same; others are catching up

CYTRIO's research shows the top 3 most compliant states remained the same from Q1 & Q2 2022 to Q3 2022. Total number of companies from the top 3 states **(California, New York, and Texas)** as a % of total companies stood at 31.94% as of the end of Q3 2022, not a meaningful change from either Q1 or Q2 2022
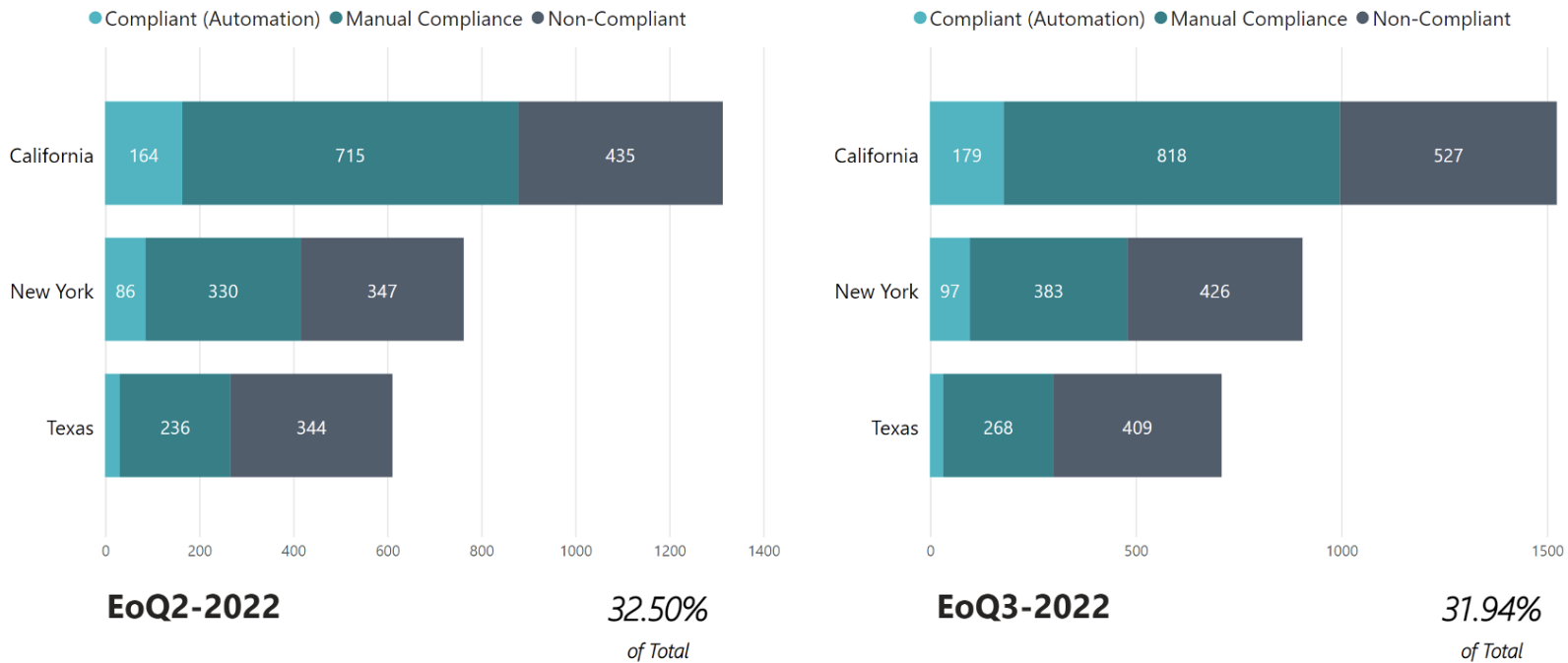

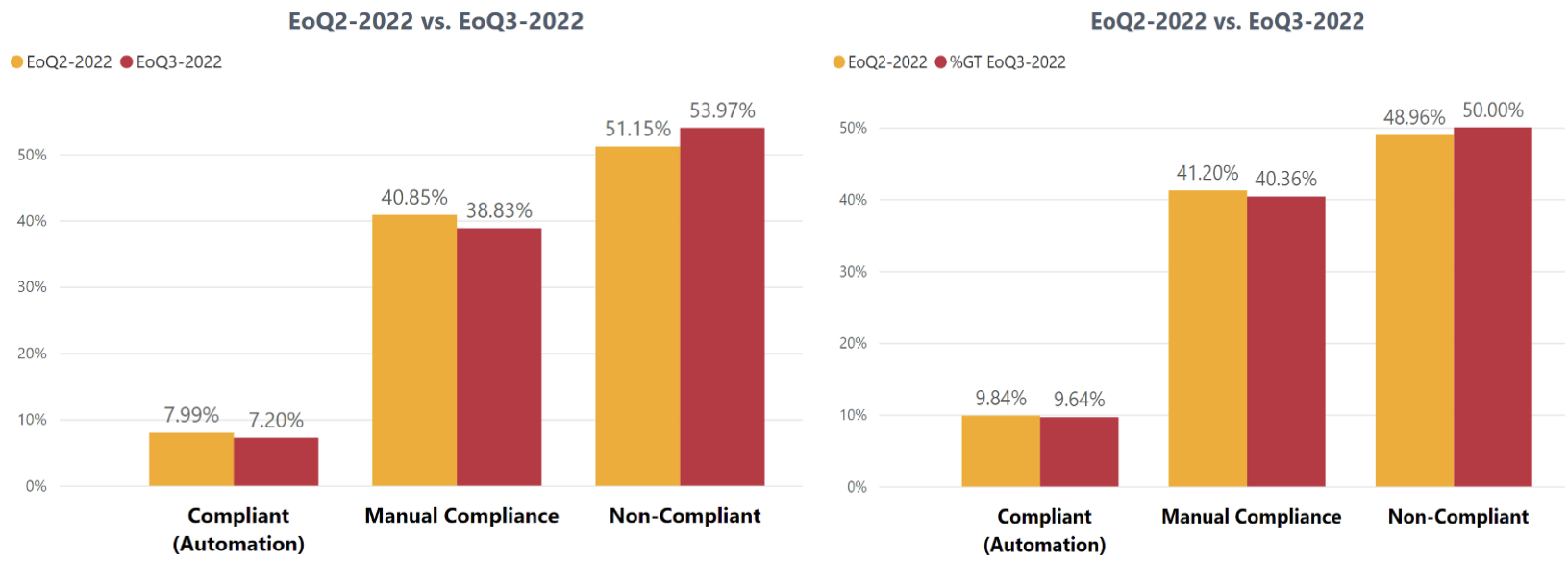Figure 8: Top 3 States Q1 2022 vs. Q2 2022

Figure 9: CCPA Preparedness by Company Size

CYTRIO's research shows a higher percentage of larger companies (greater than 1,000 employees) are deploying CCPA data rights management automation solutions vs. mid-sized businesses with less than 1,000 employees. 9.64% of larger companies vs. 7.20% of smaller companies. As larger companies receive higher numbers of DSARs due to collecting and processing more PI data, they are more likely to adopt an automated DSAR management solution.

The research indicates that both large and mid-sized businesses are woefully unprepared for CCPA. **91%** of large businesses rely on manual processes.

Observation #8 – B2C companies are more likely to deploy GDPR automation

EoQ3-2022

B2C Companies- EoQ2 2022
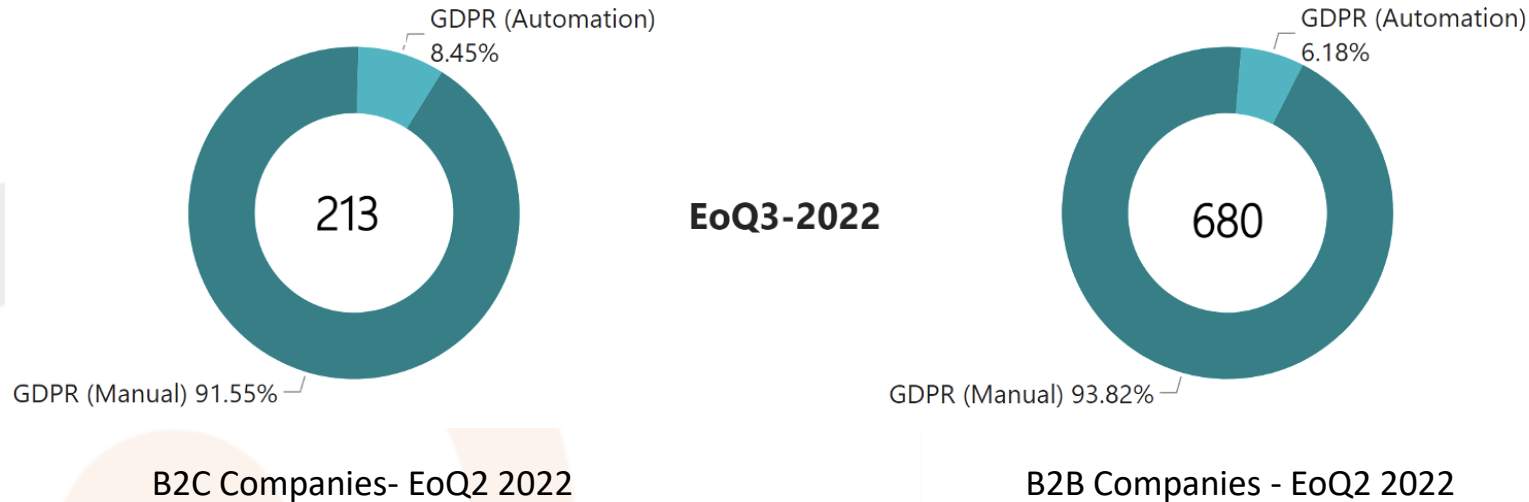
B2B Companies - EoQ2 2022

Figure 10: GDPR Compliance

CYTRIO's research revealed that B2C companies are more likely to deploy a GDPR DSAR automation solution vs. B2B companies: 8.45% of B2C companies vs. 6.18% of B2B companies.

The research indicates that both large and mid-sized businesses are woefully unprepared for GDPR with **91%** relying on manual processes.

CYTRIO investigated a random sample of manual compliant companies from Q2 2022 to see what percentage either moved to automation cohort or non-compliant cohort. We found 3.5% of companies in manual compliance cohort moving to the automation cohort.

5% of B2B companies from Q1 2022 that were in the somewhat compliant cohort deployed an automation solution vs. 2% of B2C companies. 5% of large companies (> $100M in revenue) from the Q1 2022 somewhat compliant cohort deployed an automation solution vs. 2% of medium-sized companies ($25-100M revenue). This was the same as our 3rd report.

CCPA

200
Sample Size

7
Compliant (Automation)

3.5%
change

3.50%
Total

Figure 11: Q2 2022 to Q3 2022 Trends in Manual Compliant Cohort

Observation #10 – Q2 2022 to Q3 2022 changes in non-compliant cohort

CCPA

200
Sample Size

0
Compliant (Automation)

18
Manual Compliance
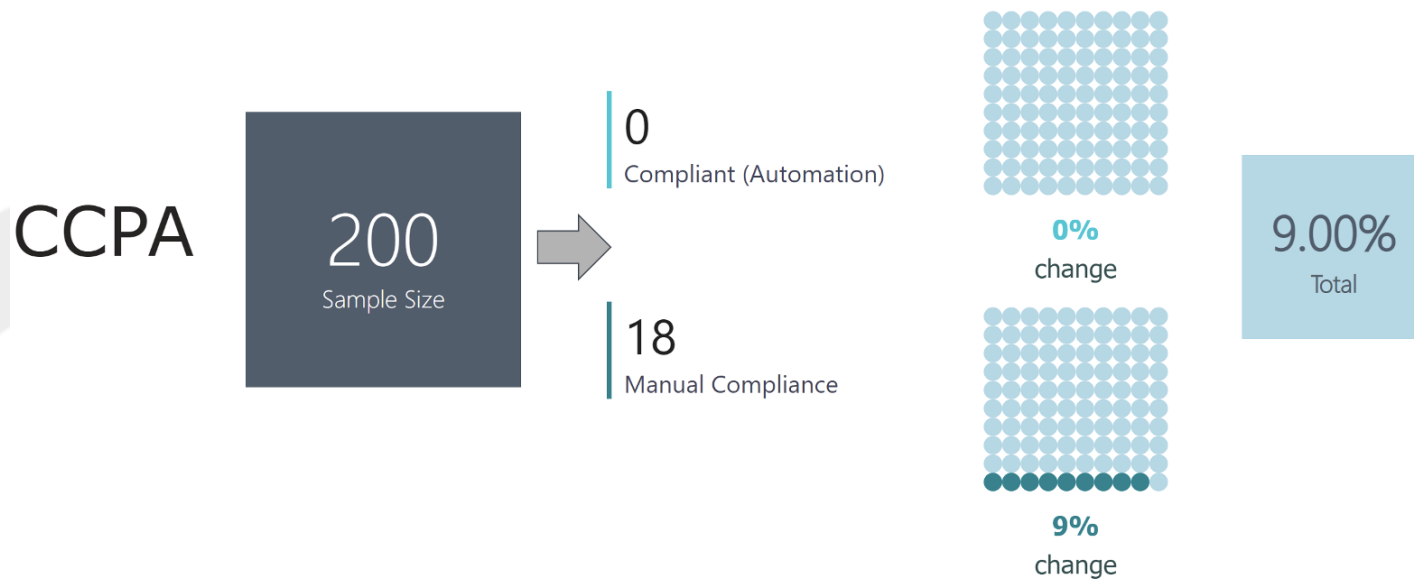
0%
change

9%
change

9.00%
Total

Figure 12: Q2 2022 to Q3 2022 Trends in Non-Compliant Cohort

CYTRIO investigated a random sample of non-compliant companies from Q2 2022 to see what percentage either moved to either the automation group or manual compliance cohort. We found 9% of companies in the non-compliant cohort moving to the manual compliance cohort, higher than Q1 to Q2 2022.

We observed 10% of B2B companies from the Q2 2022 non-compliant cohort are using manual processes vs. 8% of B2C companies. 7% of large companies (> $100M in revenue) from the Q2 2022 non-compliant cohort are using manual processes vs. 11% of medium-sized companies ($25-100M revenue).

Conclusion

CYTRIO's research found that 92% of companies (across all verticals, states, and business size) are woefully unprepared for CCPA/CPRA, and 91% of companies are using time consuming and error prone manual processes to comply with GDPR privacy rights. Q2 2022 to Q3 2022 trend data confirms the data privacy maturity curve. It is heartening to see companies that started with acknowledging they need to comply with CCPA/CPRA but started as non-compliant moving up the maturity curve by implementing manual processes and companies in manual compliance group deploying DSAR automation solutions.

- Companies need to be aware of numerous changes, including employees' right to exercise data privacy, in the more expansive CPRA that goes into effect on January 1, 2023, requiring companies to deploy an effective and scalable CCPA/CPRA and GDPR compliance management solution. Additional states continue to approve data privacy regulations in the U.S.

- Q3 2022 saw first enforcement action under CCPA – Sephora was fined $1.2M.

- As CCPA takes on CPRA enforcement role, there will be significant increase in enforcement resources resulting in increased number of enforcement actions. Non-compliant companies should start preparing for this scenario.

- GDPR continues to be actively enforced with fines totaling in excess of $2.4B as of September 2022 and total number of fines under GDPR reaching 1,304 fines as of end of Q3 2022.

- Majority of the requests are Right to Delete (Erasure). Companies must follow a well-defined process when responding to right to delete requests, including validation of data deletion.

CYTRIO's Next-Generation Privacy Compliance Solution is simple to deploy and is cost effective. Companies that are not compliant, or struggling to be compliant, should evaluate CYTRIO to achieve CCPA and GDPR compliance.

To learn how CYTRIO can help with CCPA compliance, visit www.cytrio.com