



Ready or not, here it comes: How prepared are organizations for the California Consumer Privacy Act?

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Ready or not, here it comes: How prepared are organizations for the California Consumer Privacy Act?

The swift passage of the California Consumer Privacy Act by the California legislature last summer caught many privacy professionals off guard. Given the haste with which it became law, as well as a number of drafting errors, many organizations seemed to have taken a wait-and-see approach to compliance. After all, perhaps one of the many bills proposed in the United States Congress would pass, preempting the state law and clearing the way to a uniform comprehensive consumer privacy law nationwide.

But now, with the law taking effect Jan. 1, 2020, and becoming enforceable July 1, 2020, it is clearly time for organizations to take a closer look at the CCPA and begin preparing toward compliance. The IAPP and OneTrust fielded an early 2019 survey to determine where U.S. privacy professionals stand on CCPA compliance: Do they expect a federal bill to take its place? Have their efforts over the past two years to build programs compliant with the EU General Data Protection Regulation reduced the lift on CCPA compliance? What's getting in the way of meeting the CCPA's standards, and what factors are lighting fires to address the CCPA now?



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1 Key Findings

Rating CCPA preparedness level on a scale of 0 to 10, the average response was about 4.75. Thus, most organizations are more unprepared than ready to implement what has been heralded as the most comprehensive privacy law in the U.S. ever. Nearly 8 in 10 respondents said their companies will be subject to the CCPA, and most are not expecting a federal privacy law any time soon.

The biggest obstacles organizations face on their road to CCPA compliance is a lack of time and bandwidth, followed by the complexity of the law. It appears that privacy pros are already stretched thin on the heels of the GDPR's implementation last year. As privacy pros continue to work to figure out how the CCPA will affect their organizations, this additional workload is becoming apparent.

Still, compliance is inevitable, and privacy professionals are heavily motivated to maintain their organizations' reputations and to protect their customers' privacy. As privacy issues increasingly take the media spotlight, privacy pros understand that failing to implement effective privacy and data protection can spell doom for an organization, whether or not the law includes a private right of action.

Not surprisingly, organizations that feel most comfortable leveraging their GDPR compliance efforts for CCPA compliance also tend to project earlier CCPA compliance dates, some as early as this summer. Meanwhile, organizations that are most likely to lack time and bandwidth and to struggle with the CCPA's complexity report compliance targets as late as July 1, 2020, and beyond.

THE BIG NEWS

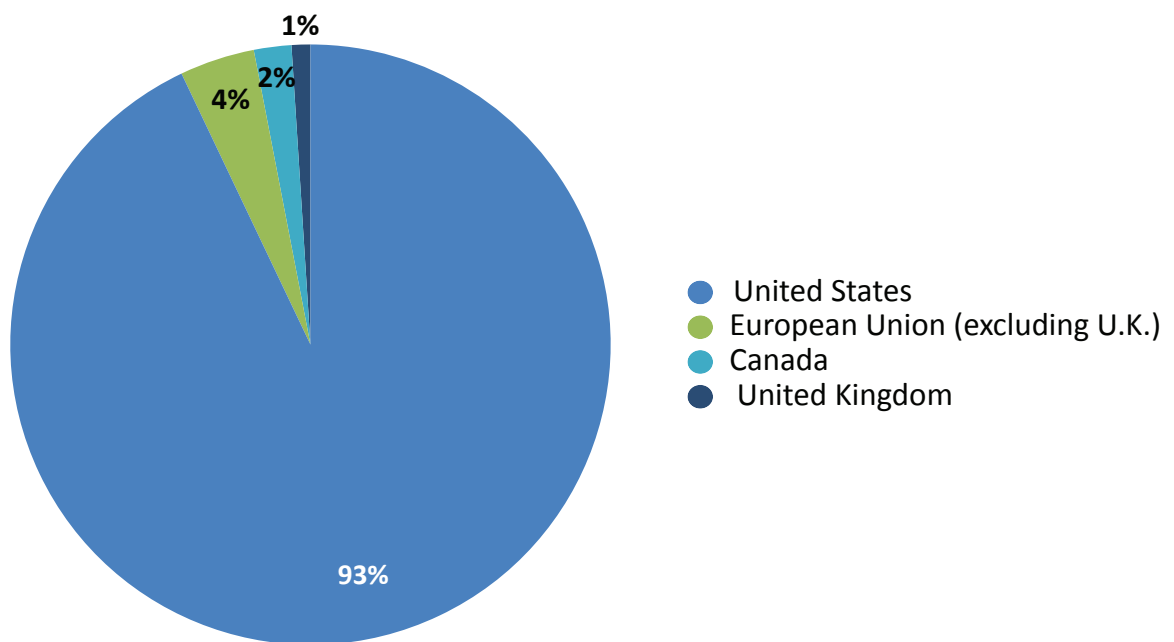
- Privacy pros betting against a federal privacy law in 2019.
- Only about 1 in 4 businesses are highly prepared for CCPA; just over half will be ready by January.
- Biggest reason for unpreparedness? Lack of time.
- Biggest motivator? Company reputation.
- Businesses dealing with GDPR are better prepared for CCPA.

To better reach out to our target population – organizations subject to the CCPA – we first sent out our short survey link to IAPP members in California, as well as to registrants of the [IAPP's CCPA Comprehensive 2019](#). After this initial launch March 3, 2019, we sent our survey link to our U.S. Privacy Digest subscriber list the following week and posted the survey link on the IAPP's website, in the Daily Dashboard, and on social media. In total, we received 282 responses. The average time to complete the survey was five minutes. IAPP & OneTrust will repeat the survey to monitor how organizational readiness evolves in the coming months.

2 Respondent demographics

More than 9 in 10 survey respondents work for organizations headquartered in the United States with the rest sprinkled throughout the European Union (4%), U.K. (1%), or Canada (3%).

This study targeted U.S. organizations

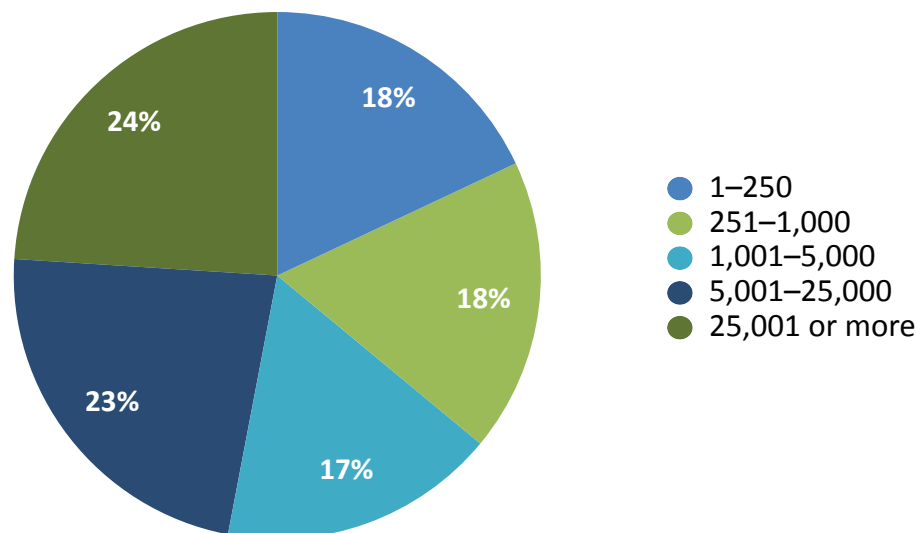


Question: What is the primary location of your organization's headquarters?

2 Respondent demographics (cont.)

Although respondents are slightly more likely to work for larger organizations (more than 5,000 employees), in general, our survey saw a fairly uniform distribution across organizations of different sizes.

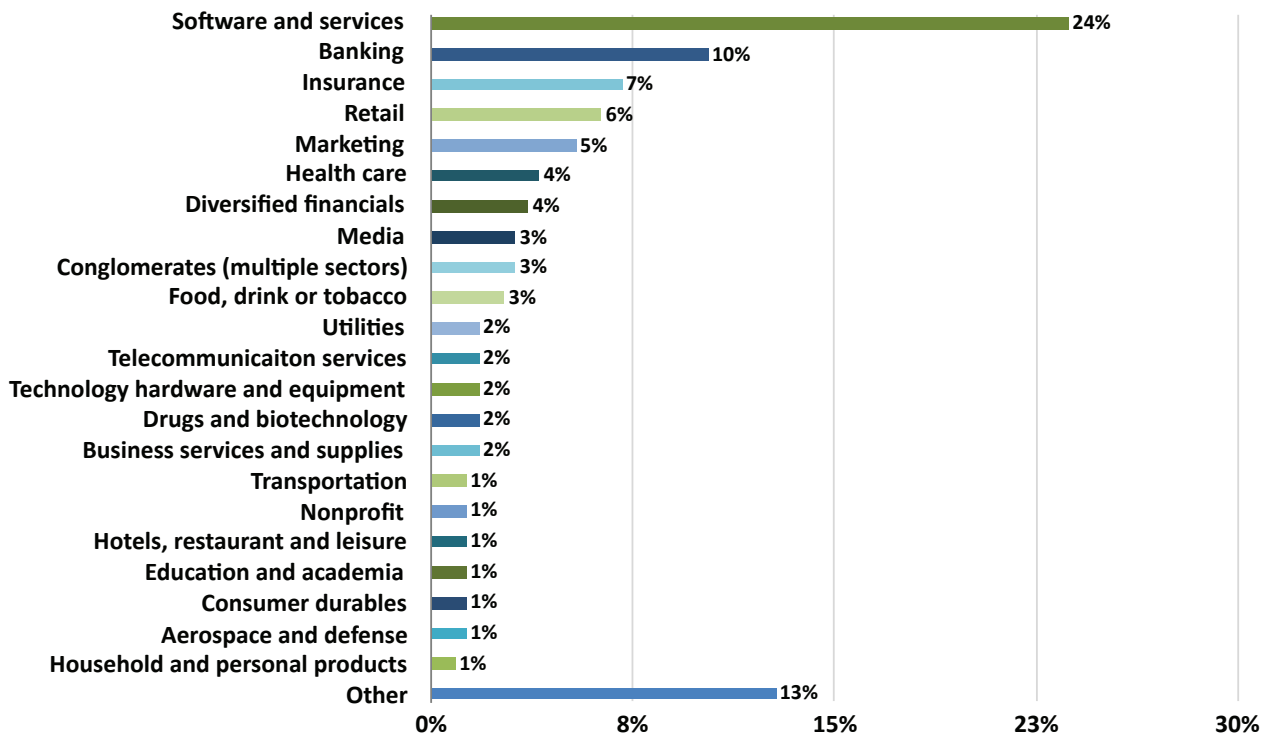
Respondents were distributed evenly among organizations of various sizes



Question: How many people are employed globally by your organization?

2 Respondent demographics (cont.)

More respondents work in software and services than in any other industry, followed by banking, insurance and retail

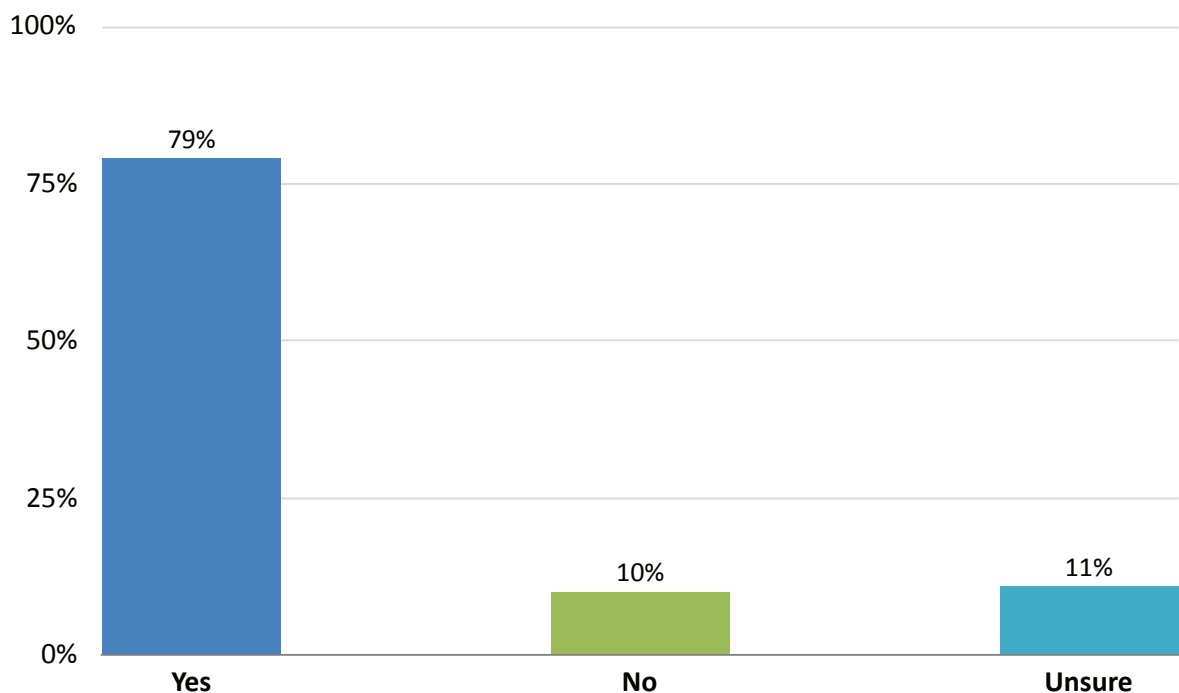


Question: Which of the sectors below best fits your organization?

2 Respondent demographics (cont.)

The heart of our survey concerns the applicability of the CCPA. A significant majority (79%) says the law applies to their organization. Only 10% says it doesn't, while another 11% is not sure.

Nearly 8 in 10 respondents believe their employer must comply with the CCPA



Question: As the law is currently written, do you believe your organization will be subject to the California Consumer Privacy Act when it goes into effect Jan. 1, 2020?

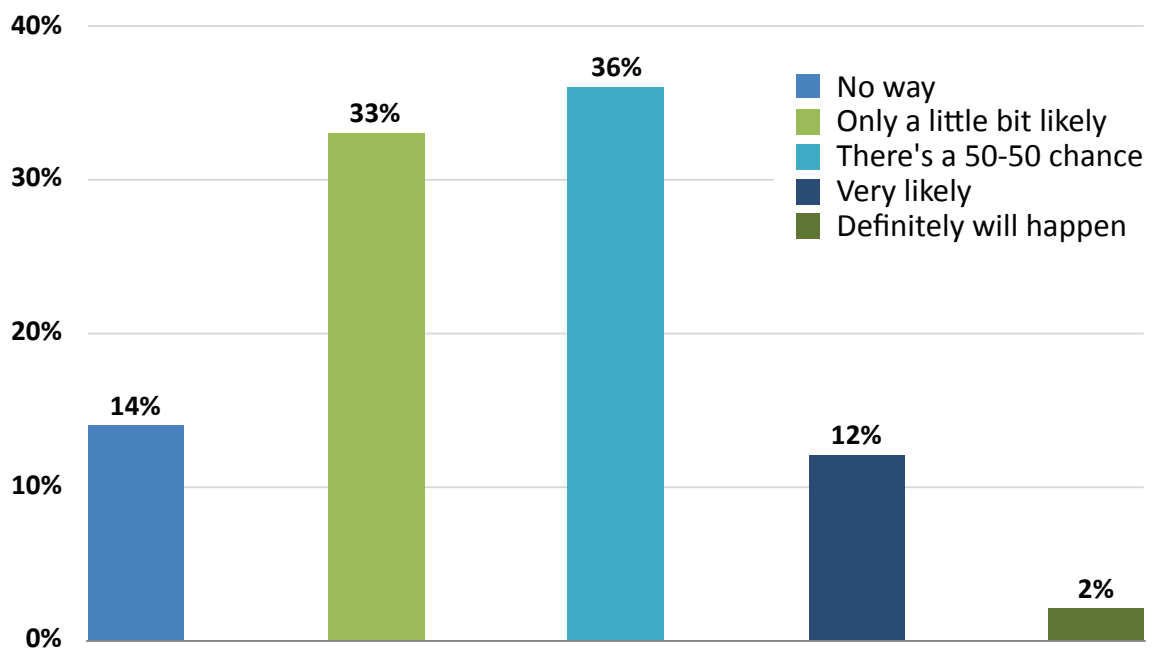
Among those who do not believe their organization would be subject to the CCPA, more than half (54%) said they did not collect, sell or disclose California consumers' personal information as defined in the CCPA. Another 35% said they did not possess the elements of a "business" as defined in the CCPA, while another 11% was unsure.

2 Respondent demographics (cont.)

Even if they are subject to the CCPA as it is currently worded, some organizations might have taken a wait-and-see approach. One reason is that several proposed consumer privacy laws are circulating in the U.S. Congress, some of which would preempt state privacy laws, like the CCPA. As 2019 unfolds with no clear path to legislation on Capitol Hill, we asked respondents whether they believe a federal privacy law preempting the CCPA will be passed by Congress soon.

Opinions slant heavily toward the “unlikely” end of the scale. Nearly half the respondents say a preemptive law is “only a little bit likely” or even “no way” it will happen. Only 15% said that it “definitely will happen” or is “very likely,” while just over one in three give it “a 50-50 chance.”

Most privacy pros doubt a preemptive federal law will be enacted by Congress soon



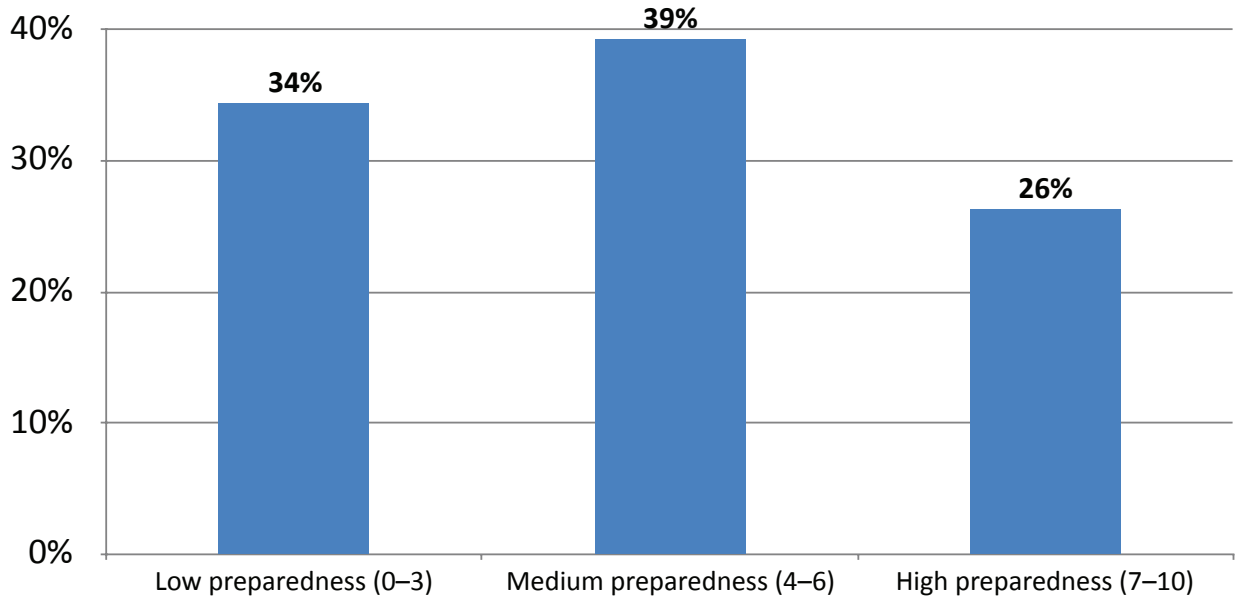
Question: In your opinion, how likely is it that a federal privacy law that preempts the CCPA will be passed by Congress over the next year or two?

3

Most organizations are either unprepared for the CCPA or just halfway there

It seems that CCPA compliance is still far off for all but a few organizations. When asked to rate their preparedness on a scale of 0 to 10 (with 0 being "have not started to prepare" and 10 being "fully prepared"), the average rating is 4.75, just below the midway point. In fact, around 34% rate their preparedness level between 0 and 3, about 39% rate it between 4 and 6, while just over a quarter (26%) rate it somewhere in the "comfort zone" of 7 to 10.

Snapshot: Organizations are about halfway to CCPA compliance



Question: On a scale of 0-10 (with 0 being "have not started to prepare" and 10 being "fully prepared"), how would you rate your organization's current level of preparedness for the CCPA?



3 Most organizations are either unprepared for the CCPA or just halfway there (cont.)

Although organizations of various sizes appear equally prepared for the CCPA, it seems some industries are better prepared than others. Respondents who work in the software and services industry in particular tend to rate their companies' level of preparedness for the CCPA higher than average, while those who work in the banking industry tended to rate their companies' CCPA preparedness slightly below average. This could stem from the exemption of information governed by the Gramm-Leach-Bliley Act from the CCPA. Protected health information under the Health Insurance Portability and Accountability Act/Health Information Technology for Economic and Clinical Health Act is also exempted from the CCPA, potentially contributing to the health care industries' mean preparedness score of just 3.67 – considerably lower than the average.

That said, overall even those predicting a preemptive federal bill are not more likely than the others to put off CCPA compliance. This indicates privacy pros take their jobs of bringing their organizations into legal compliance very seriously, offering consumers privacy rights for reputational reasons even if the law's future viability is uncertain.

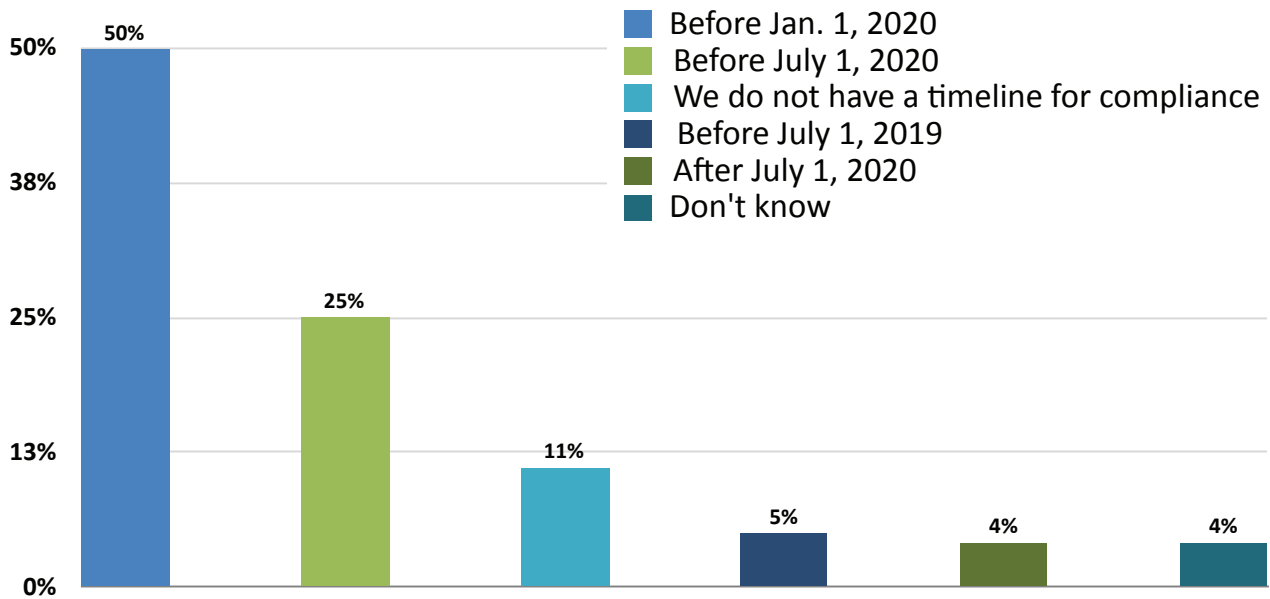


4

Few organizations will be compliant by this July, but about half are aiming for later this year

Regarding when they expect their organizations to be fully in compliance with CCPA, most place the target date in 2019 or the first half of 2020, when the new law will actually come into effect. In total, 55% says they will be in compliance with the CCPA before the law's operative date, Jan. 1, 2020, while another 25% says they will before July 1, 2020 – the date the California attorney general may begin enforcing the law. Meanwhile, only about 5% is gunning for early compliance – by July 1 of this year – while 4% expects to be late, and a remaining 15% either has no compliance timeline or just doesn't know.

55% of organizations have set their CCPA compliance target date by the end of this year, 80 % by July 2020



Question: Approximately when do you expect your organization to be in full compliance with the CCPA?

4 Few organizations will be compliant by this July, but about half are aiming for later this year (cont.)

Respondents who rate their organizations as more prepared for CCPA were, not surprisingly, more likely than others to set a target compliance date of July 1 of this year.

Firms that are highly prepared for CCPA now are likely to have set earlier compliance target dates

When Do You Expect to be in Compliance with the CCPA?

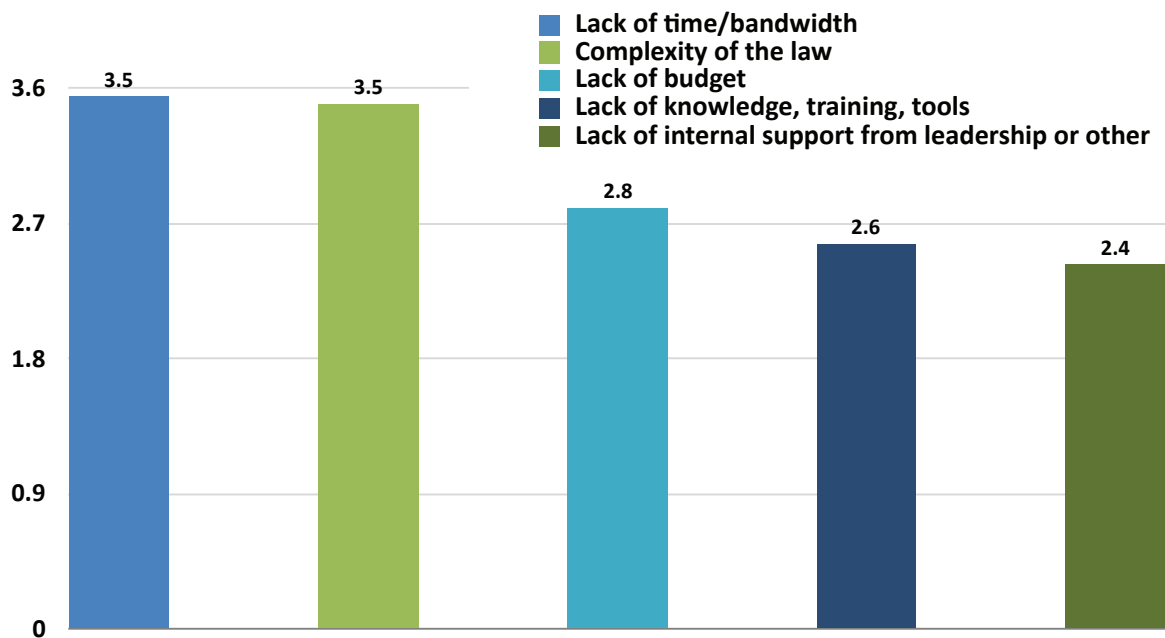
	By July 1, 2019	By Jan. 1, 2020	By July 1, 2020	After July 1, 2020	No timeline	Don't know
Current CCPA preparedness level						
0–3 (low)	0%	34%	31%	11%	22%	3%
4–6 (medium)	1%	57%	26%	2%	7%	7%
7–10 (high)	17%	61%	17%	0%	3%	2%
Overall	5%	50%	25%	4%	11%	4%

5 Privacy pros are struggling with lack of time and CCPA's complexity, but they realize reputation is on the line

We asked respondents to rate obstacles to CCPA compliance, from such options as lack of time; lack of budget; lack of knowledge, training or tools; lack of internal support from leadership; and the complexity of the law.

Among these obstacles, respondents rate lack of time/bandwidth as the top impediment, followed by the law's complexity. Privacy pros are being challenged by the CCPA's scope and its new consumer privacy rights, especially given the law's notorious drafting challenges.

Lack of time/bandwidth and the complexity of the law are proving to be the greatest obstacles to CCPA compliance



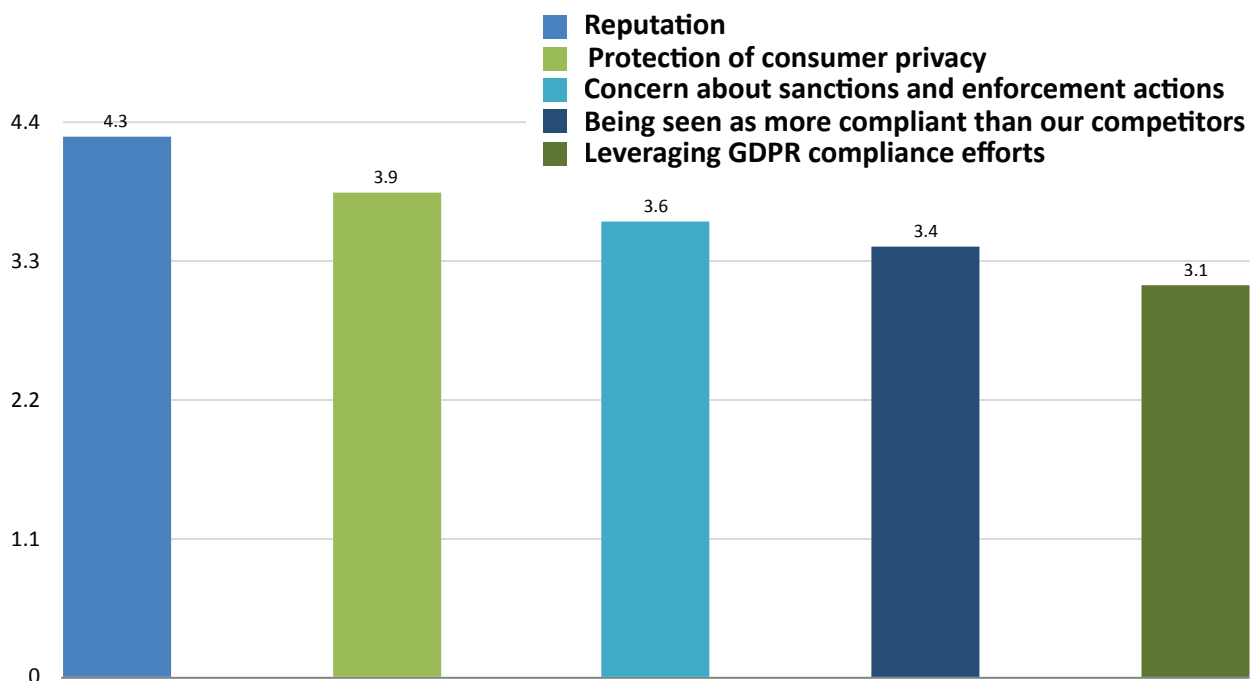
Question: Please rate the following factors in terms of how much of an impediment they are to your efforts to comply with CCPA.

5 Privacy pros are struggling with lack of time and CCPA's complexity, but they realize reputation is on the line (cont.)

Not surprisingly, organizations giving the highest ratings to these two compliance barriers are less likely to be prepared for the CCPA at this time. However, those respondents naming as obstacles lack of budget; lack of knowledge, training and tools; or even lack of internal support from leadership do not indicate a lower level of CCPA preparedness overall.

Clearly, then, complying with privacy laws is becoming increasingly important for organizations. Indeed, when we asked respondents about the factors motivating their organizations toward CCPA compliance, sanctions and enforcement concerns did not top the list. Instead, most respondents cite their organization's reputation as the biggest motivator for complying with the new law, followed by the desire to protect consumer privacy. Our findings are consistent with other IAPP research demonstrating that privacy and data protection is central to the [organization's brand](#).

Concerns about reputation and protecting consumer privacy are the primary motivators for CCPA compliance



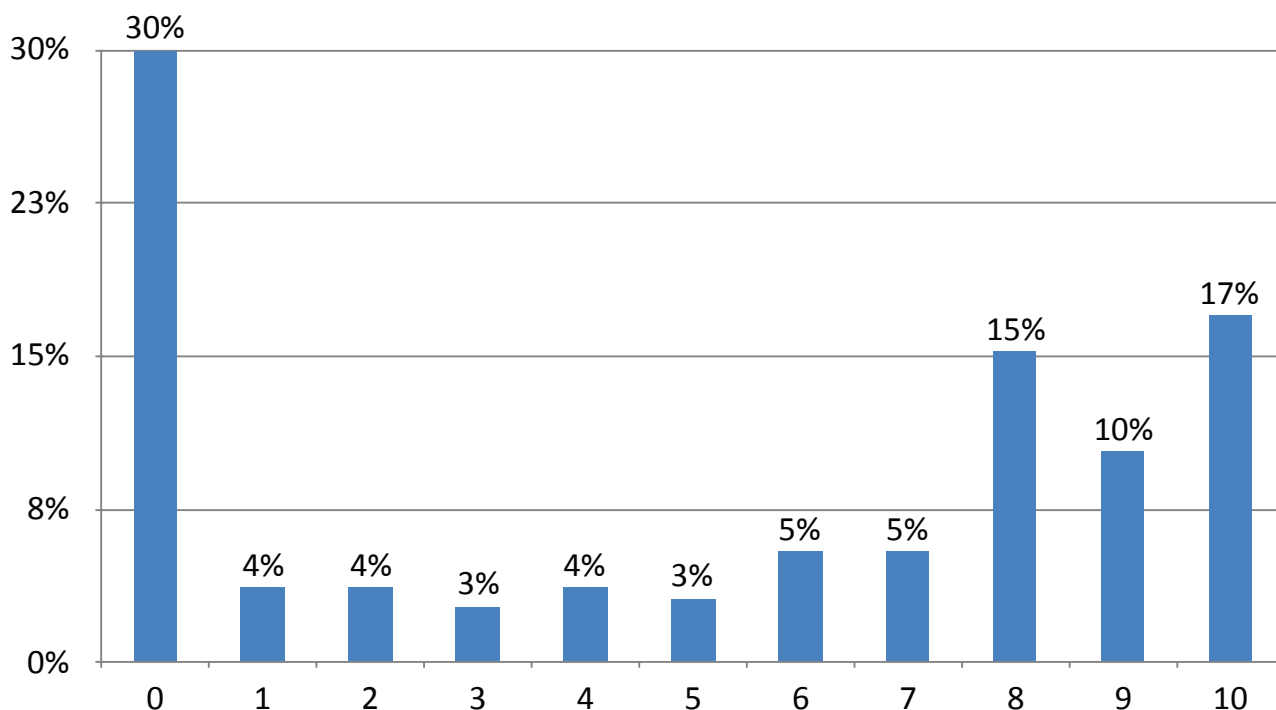
Question: Please rate the following factors in terms of how much of an motivator they are to your efforts to comply with CCPA.

6 All that GDPR preparation is paying off

In spite of the speed with which CCPA's compliance deadlines are approaching, many of its obligations are similar to those from the GDPR, although not identical in all respects. Consumer rights – such as rights to comprehensive disclosure of data collection and processing practices; access to personal information, erasure and portability – echo those of the GDPR with important exceptions and distinctions. We therefore asked survey respondents to rate, on a scale of 0 to 10 (with 0 being “not at all” and 10 being “fully”), how much have they been able to leverage their GDPR-compliance efforts to comply with the CCPA, with the average rating being about 5.

Almost half (47%) of respondents place themselves at the upper end of the scale, declaring their efforts are between 7 and 10 on the GDPR-/CCPA-leverage scale. At the same time, about 23% is somewhere between 1 and 6 regarding their ability to leverage GDPR efforts. But for 3 out of 10 respondents, they are starting from scratch – they rate themselves a 0 on leveraging GDPR-compliance efforts.

In trying to become CCPA compliant, 30% of organizations are not leveraging their previous GDPR compliance efforts at all



Question: On a scale of 0–10 (with 0 being “not at all” and 10 being “fully”), how much are you leveraging your GDPR compliance efforts to comply with CCPA?

6 All that GDPR preparation is paying off (cont.)

Indeed, when we ask organizations how compliant they are with GDPR, those that are already highly compliant are predictably better able to leverage these efforts for the CCPA and tend also to set earlier CCPA compliance target dates. Conversely, more than half the organizations whose current level of GDPR compliance is low have not developed a timeline for CCPA compliance, is none of them are planning to be compliant by Jan. 1, 2020.

Firms that are not GDPR compliant are also less likely to have a timeline in place for CCPA compliance

When Do You Expect to be in Compliance with the CCPA?

	By July 1, 2019	By Jan. 1, 2020	By July 1, 2020	After July 1, 2020	No timeline	Don't know
Current level of GDPR compliance*						
1–3 (low)	0%	0%	20%	20%	40%	20%
4–6 (medium)	0%	35%	12%	6%	35%	12%
7–10 (high)	8%	51%	27%	2%	7%	3%

*Only includes respondents who are subject to the GDPR.

7 Conclusion

Our findings suggest that privacy pros will be busy throughout this year and next as they work toward full compliance with the CCPA. Most privacy pros still have a long way to go, with about half projecting their organizations will not be CCPA compliant until sometime next year. While they face significant barriers, including a lack of time and bandwidth, as well as the sheer complexity of the law, privacy professionals are motivated by the idea of protecting consumers and maintaining the reputation of their organizations.

Moreover, privacy pros who have already done the hard work of becoming compliant with the GDPR have been successful on the whole at leveraging their programs to become CCPA compliant. Yet, they still need to take time to figure out the differences and similarities between these two laws, as well as others, as they seek to not only meet their legal obligations, but also to put in place and maintain strong privacy protections for consumers to get a head-start on future laws and regulations.

