CCPA Readiness: Third Wave
With CCPA’s implementation date looming, many companies are still scrambling to comply

Legal complexity is slowing progress

The California Consumer Privacy Act is at last getting the attention of businesses, but that does not necessarily mean compliance is widespread. After amendments to the law and draft regulations from the California attorney general this fall, only some things seem to be clarified; the CCPA’s legal complexity is the top challenge to compliance with the first comprehensive consumer privacy law of its kind in the United States.

Yet, efforts are underway, as a majority of businesses have concluded a preemptive federal law is unlikely any time soon.

Throughout 2019, the IAPP and OneTrust have fielded surveys to U.S.-based subscribers of IAPP’s Daily Dashboard seeking to benchmark and track CCPA compliance efforts over time. We published the first survey results in April and the second in September. This short report demonstrates the results of our third and final survey, which was disseminated in November 2019.

Will businesses make the Jan. 1 deadline?

Respondents’ CCPA preparedness has indeed markedly improved since we first fielded this study in early 2019. Previously, when we asked respondents to rate their preparedness level with the CCPA on a scale of 0 to 10 (with 0 being “have not started to prepare” and 10 being “fully prepared”), the average preparedness score was 4.75. In the second survey, that score climbed to 5.27, and in this third and final survey – just over a month before the implementation deadline – respondents rated their preparedness 6.49 out of 10, a larger margin of improvement over the prior survey.

Methodology

As with the two prior waves of this study, privacy professionals working at organizations that are subject to the CCPA were the target audience. We sent out our short survey link to our 22,600 U.S Daily Dashboard subscribers Oct. 31, 2019. In addition, we also informed our members about our survey research via IAPP’s website and social media and sent one reminder email two weeks after the first. In total, we received 228 responses. The average time to complete the survey was about three minutes.
In the last few months, after summer vacations, businesses and their outside counsel and consultants have been working feverishly to edge closer to full compliance.

Even with the recent push toward compliance, however, fewer than half say they’ll make the Jan. 1 deadline. An equal number (42%) report they won’t be ready until July 1, when the California attorney general can commence enforcement.

This time, the biggest obstacles organizations face on their road to CCPA compliance is complexity of the law, which, in our prior surveys, was second to lack of time/bandwidth. This is a striking result, given the law has undergone clarifying amendments and there is less time now than before to work toward compliance.

At the same time, respondents to this survey agreed with those of the prior surveys (who are not necessarily or even likely the same people) that the biggest motivators driving organizations to become CCPA compliant are concerns about the reputations of their organizations and concerns about consumer privacy and enforcement actions.

Conclusion

With CCPA’s implementation date less than a month away, many organizations are still constructing their compliance programs and will not meet the deadline. GDPR compliance certainly helped get them closer to the goal, but the complexity of the CCPA, even after clarifying amendments, remains a challenge for businesses serving California consumers. For privacy professionals and the privacy tech community, the workload and pace are unlikely to slow as many businesses continue to work toward compliance with an eye on the July 1, 2020, enforcement deadline — and, now, the potential for CCPA 2.0, a referendum very likely to go on California’s November 2020 ballot.

In short, privacy professionals have another busy year ahead.

Summary of Key Findings

- Overall, organizations continue to make progress toward full CCPA compliance.
- Four of ten business are targeting July 2020, instead of January, as their compliance date.
- Complexity of the law is now the biggest obstacle to compliance, narrowly edging out lack of time/bandwidth.
- Reputational risks and desire to protect consumer privacy also remain big compliance motivators.
- Organizations continue to leverage GDPR compliance efforts to meet the CCPA’s requirements.
- One month before the CCPA implementation deadline, respondents give themselves a 6.5 on a 10-point preparedness scale.
Respondents primarily worked for organizations headquartered in the United States

Question: What is the primary location of your organization's headquarters?
More than half of respondents worked for organizations with 1,000 employees or more

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

- 18% 25,001 or more
- 17% 5,001-25,000
- 24% 1,001-5,000
- 19% 251-1,000
- 21% 1-250
Software and services was the most represented industry, followed by retail and insurance.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software and services</td>
<td>22%</td>
</tr>
<tr>
<td>Retail</td>
<td>9%</td>
</tr>
<tr>
<td>Insurance</td>
<td>8%</td>
</tr>
<tr>
<td>Banking</td>
<td>7%</td>
</tr>
<tr>
<td>Marketing</td>
<td>6%</td>
</tr>
<tr>
<td>Education and academia</td>
<td>5%</td>
</tr>
<tr>
<td>Health care</td>
<td>4%</td>
</tr>
<tr>
<td>Telecommunication services</td>
<td>4%</td>
</tr>
<tr>
<td>Media</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>32%</td>
</tr>
</tbody>
</table>
More than 80% of respondents now think the CCPA applies to their organization

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?

- **Yes**: 86% (November 2019), 74% (August 2019), 79% (April 2019)
- **No**: 7% (November 2019), 10% (August 2019), 10% (April 2019)
- **Unsure**: 16% (November 2019), 11% (August 2019), 11% (April 2019)
As the year comes to a close, most still doubt a federal law will be passed in the next two years

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?

- Definitely will happen: November 2019 - 2%, August 2019 - 1%, April 2019 - 2%
- Very likely: November 2019 - 10%, August 2019 - 9%, April 2019 - 12%
- There's a 50-50 chance: November 2019 - 23%, August 2019 - 22%, April 2019 - 36%
- Only a little bit likely: November 2019 - 25%, August 2019 - 33%, April 2019 - 41%
- No way: November 2019 - 14%, August 2019 - 24%, April 2019 - 14%
More ready than not: Over the course of this year, organizations have become more prepared for the CCPA

Question: On a scale of 0 to 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?
Four in ten companies expect a July 1 compliance date for CCPA, while an equal number will be ready sooner.

Question: Approximately when do you expect your organization to be in full compliance with the CCPA?
More than 8 in 10 firms that are highly prepared for the CCPA now say they will be compliant by January 2020

When do you expect to be in compliance with the CCPA?

<table>
<thead>
<tr>
<th>Current CCPA preparedness level</th>
<th>We are currently in full compliance</th>
<th>Before January 2020</th>
<th>Before July 2020</th>
<th>After July 2020</th>
<th>No timeline</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 (low)</td>
<td>4%</td>
<td>4%</td>
<td>50%</td>
<td>17%</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>4-6 (medium)</td>
<td>2%</td>
<td>28%</td>
<td>53%</td>
<td>11%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>7-10 (high)</td>
<td>6%</td>
<td>52%</td>
<td>36%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Legal complexity and lack of time remain the top-ranking impediments 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 the CCPA.

- Lack of internal support from leadership or other:
  - November 2019: 2.36, 2.37, 2.42
  - August 2019: 2.59, 2.58, 2.56
  - April 2019: 2.74, 2.81, 2.80

- Lack of knowledge, training, tools:
  - November 2019: 3.54, 3.51, 3.63
  - August 2019: 2.80, 2.81, 2.74
  - April 2019: 2.56, 2.58, 2.59

- Lack of budget:
  - November 2019: 3.81, 3.51, 3.63
  - August 2019: 3.51, 3.49, 3.51
  - April 2019: 3.54, 3.51, 3.54

- Complexity of the law:
  - November 2019: 3.81, 3.51, 3.63
  - August 2019: 3.51, 3.49, 3.51
  - April 2019: 3.54, 3.51, 3.54

- Lack of time/bandwidth:
  - November 2019: 3.81, 3.51, 3.63
  - August 2019: 3.51, 3.49, 3.51
  - April 2019: 3.54, 3.51, 3.54
The results have been consistent all year: Avoiding reputational risk is strongest CCPA compliance motivation

Question: Please rate the following factors in terms of how much of a motivator they are to your efforts to comply with the CCPA.
About a third of privacy pros continue to heavily leverage their GDPR compliance efforts to achieve CCPA compliance.

Question: On a scale of 0 to 10 (with 0 being “not at all” and 10 being “fully”), how much are you leveraging your GDPR compliance efforts to comply with the CCPA?
Firms that are more compliant with GDPR have been able to set earlier timelines for CCPA compliance

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

<table>
<thead>
<tr>
<th>Current level of GDPR compliance*</th>
<th>We are in full compliance</th>
<th>Before Jan. 1, 2020</th>
<th>Before July 1, 2020</th>
<th>After July 1, 2020</th>
<th>No timeline</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 (low)</td>
<td>20%</td>
<td>0%</td>
<td>40%</td>
<td>20%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>4-6 (medium)</td>
<td>0%</td>
<td>7%</td>
<td>43%</td>
<td>29%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>7-10 (high)</td>
<td>7%</td>
<td>42%</td>
<td>42%</td>
<td>3%</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>

* Only includes respondents who are subject to the GDPR.