Industry
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April 2016 Edition

Data Privacy -
living by new rules

(Executive Summary)

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Process Used and Survey Demographics

While we appreciate the support of these sponsors, we also greatly value our objectivity and independence as a non-profit industry association. The results of the survey and the market commentary made in this report are independent of any bias from the vendor community.

The survey was taken using a web-based tool by 202 individual members of the AIIM community between October 23, 2015, and November 16, 2015. Invitations to take the survey were sent via e-mail to a selection of the 160,000 AIIM community members.

Survey demographics can be found in Appendix 1. Graphs throughout the report exclude responses from organizations with less than 10 employees, taking the number of respondents to 202.

About AIIM

AIIM has been an advocate and supporter of information professionals for 70 years. The association mission is to ensure that information professionals understand the current and future challenges of managing information assets in an era of social, mobile, cloud and big data. AIIM builds on a strong heritage of research and member service. Today, AIIM is a global, non-profit organization that provides independent research, education and certification programs to information professionals. AIIM represents the entire information management community: practitioners, technology suppliers, integrators and consultants.

— **Doug Miles, Chief Analyst**

About the Author

Doug Miles has over 30 years' experience in software marketing roles and most recently spent 11 years at AIIM. Here he ran European operations before becoming VP of Market Intelligence. He has produced over 60 of AIIM's keynote market survey reports on a wide range of topics related to capture, ECM, information governance, SharePoint, mobile, cloud, social business and big data. Doug has also worked closely with other enterprise-level IT systems such as ERP, BI and CRM

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Table of Contents

Introduction

(This report is an updated version of the original report released in January of 2016, and contains newly found research data and regulatory updates not available at the time of its original writing.)

Until recently, the protection and security of information on identifiable individuals had taken a relatively low profile. Most countries, regions and states have data protection legislation but they vary considerably in the level of protection decreed. Exposure of personal information or data breaches were relatively rare, and state surveillance of such information was generally covert and not acknowledged by governments.

All of this has changed quite dramatically in the last few years. The amount of personal data stored by companies and governments has soared, and the value of that data to thieves and fraudsters has multiplied as more and more personal business is transacted on the internet. Identity theft has become a major new crime. Alongside that we have the Snowden revelations and recent terrorist activities intensifying the debate over levels of state interception, with questions raised on the status and use of data encryption.

In addition to the disruption to business and the impact on customer loyalty that data breaches create, many jurisdictions are looking to bring their data protection legislation into line with the new, internet-based world – although unfortunately, not in line with each other. There are also concerns that traditional views of data collection permissions based on consent are out of line with big data capabilities, and that responsible data use is the important factor. These new regulations are likely to increase the demands on business, and have a considerable impact on IT infrastructures, particularly on outsourcing, cloud storage and web-based applications.

Here are a few examples of some regulatory measures taken by governments to strengthen their data protection laws. Most notably, after four years in the works, in April of 2016 the European Parliament approved their data protection rules establishing a uniform level of data protection and set of standards for data use for policing and judicial purposes, across the European Union. Looking at this globally, Canada adopted the Personal Information Protection, and Electronic Documents Act (PIPEDA), and in the United States there are a myriad of laws at both the Federal and State levels with California being the strongest at 25 individual laws and regulations in place at the time of this writing. India addresses data protection and privacy in the Information and Technology Act 2000, and Argentina addresses data protection in their Personal Data Protection Law (PDPL). We see this trend continuing with many other countries following close behind.

Ensuring data privacy has never been easy. The increasing use of cloud and mobile devices for content access and collaboration puts additional demands on security and protection. As we will see, insider threats from staff members are more likely than attacks from external hackers, and the likelihood of data loss through staff negligence is higher still. Creating balanced responsibilities with cloud providers and outsourcers is difficult, particularly when huge corporations are involved. Encryption is important, but using and managing it brings its own problems.

In this report, we take an in-depth look at how well personal data is protected, what the consequences are of data breaches – and a few examples of data breach impact, examples of government regulations and how the newly adopted European regulations apply, what impact they could have, and what steps users are taking in preparation for data protection.

Key Findings

Governance of Personal Data

1 **The operations of 38% of organizations surveyed are highly dependent on sensitive personal content, eg, healthcare, financial, claimant, etc.** 33% have some sensitive customer or client data. 20% have just basic HR content.

2 **36% of smaller organizations, 43% of mid-sized and 52% of large organizations have reported a data breach in the past 12 months.** 19% reported a loss due to staff intent and 28% from staff negligence, compared to 13% from external hackers.

3 **26% suffered loss or exposure of customer data and 18% lost employee data.** As a consequence, 10% received action or fines from the regulator, 25% saw a disruption to business and 18% a loss of customer trust.

4 **24% of respondents feel that their senior managers do not take the risks of data privacy breaches seriously.** 13% consider that operational considerations override compliance.

5 **34% feel that social networks undermine data privacy rules and 43% agree that over-zealous ID checks have a negative impact on customer experience.** 68% would like to see governments encourage stronger, tamper-proof encryption.

Security and Cloud

1 **72% of respondents feel that security measures taken by cloud providers are better (44%) or the same (28%) as their own.** 15% don't use cloud or SaaS because of data protection concerns.

2 **31% need cloud data centres to be in-country or in-region.** 18% would use a hybrid model to protect PII. 73% would like to see cloud providers do more to re-assure data controllers.

Storing Data on Europeans Outside of Europe – Safe Harbour

1 **Of the 15% of responding organizations storing data on Europeans outside of Europe, most are storing HR records (53%) or using offshore data centers (24%).** 24% use SaaS payroll or HR apps, and 18% use SaaS for CRM or sales.

2 **46% are (or were) using Safe Harbour agreements to comply with data protection requirements for European citizens, although not exclusively.** Standard Contractual Clauses are used by 62%, and individual consent by 46%.

3 **11% consider the recent European Court ruling on Safe Harbour to be a disaster.** 67% are placing increased reliance on other measures. 33% are waiting for a renegotiation of Safe Harbour, or clarification through the GDPR.

Storing Data on Europeans Within Europe - GDPR

1 **37% of those storing Europeans' data are not familiar with forthcoming General Data Protection Regulations, including 11% who (mistakenly) think it will not apply to them.** 11% are making changes now, and 12% are already in good shape.

2 **The right to be forgotten raises the biggest issue for 41% of our respondents, as will email addresses being considered personal data.** Being able to provide an electronic copy of personal data is an issue for 36%, and data export restrictions for 32%.

3 **35% are expecting GDPR to have a financial impact, including 9% where it will be considerable.** 39% are of the opinion that harmonizing European regulations will cost businesses less in the long term.

Encryption and Correction

1 62% do not encrypt email addresses, and 25% do not encrypt credit card data. 64% claim to encrypt all PII, rising to 75% for sensitive personal data.

2 Persuading staff when and how to use encryption is the biggest issue, then dealing with forgotten passwords or lost 2-factor devices. Dead or inaccessible content is cited as an issue by only 10% of organizations.

3 20% rely on metadata and content types to drive security, but half admit to poor metadata standards. 18% are already using metadata correction tools, with a further 13% having immediate plans to do so.

4 46% rely on passwords to secure content in place. Only 7% use in-document security.

Spend

1 **Mobile device security is set for the biggest spend increase, along with data security products and then encryption.** 14% plan to increase spend on external staff training.

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