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GDPR: It's Just The Tip Of The Iceberg In Regulatory Change



Don Elledge, CEO

In my industry, there are few topics in the news these days as big as the EU's General Data Protection Regulation (GDPR), which went into effect on May 25. On the face of it, there are at least two reasons for this.

First, there's the fear factor: The risks of not complying with the new regulation are severe, regardless of where a business is based. If your business trades in data on EU citizens, you can be fined for not complying to the tune of 4% of annual global turnover or €20 million, whichever is greater.

Second, there's the marketing factor. The regulation has created opportunities for innumerable consulting firms and vendors to counsel businesses on what they need to do.

One might say that not since Y2K has there been so much hype and opportunism driven by a deadline. From where I sit, however, there appears to be a third reason that businesses should care about the GDPR: Many businesses today are simply not prepared for the rising tide of regulatory action that has become the new normal for businesses.

On balance, I believe that the GDPR is a wake-up call, for it's given businesses everywhere an opportunity to review and modernize their cyber risk practices to secure their digital futures. I think that GDPR is just the tip of the iceberg — what's most visible — of the regulatory change that's coming.



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- Don Elledge, CEO, Edgile

The Big Challenges

Earlier this year, my firm conducted a study on cybersecurity regulation that revealed a startling pattern. In 2017, at least 42 U.S. states introduced 240 bills and resolutions related to cybersecurity, more than double the number the year before.

We offered a number of explanations for this. The visibility that breaches at businesses such as Deloitte, Uber and Equifax (which I wrote about in my last post) received may have heightened concerns from regulators at a time when consumer data protection is front-page news. The recent debacle at Facebook — which was not about a breach but more about corporate policy regarding consumer data — will no doubt continue to motivate regulators to take more action.

Reviewing the data from our study, we also wondered if regulation at the state level might have been inspired by deregulation at the federal level.

Whether it's about the frequency and visibility of breaches or the transfer of regulation from the federal government to the states, one thing is certain: The ever-shifting regulatory landscape has created serious challenges for businesses. Many do not have the internal resources to track the new regulatory changes, much less predict the changes that are coming.

Even if they could add to the headcount, it's quite a challenge for mere mortals to keep up with the pace and nuance of regulations that could put their employers at great risk. The costs of keeping up with the new regulations is another concern. More and more, chief information security officers (CISOs) are being tasked to invest strategically. Businesses cannot afford to cover the waterfront of risk. Instead, they need to make smart choices.

Another thought about the Y2K crisis: As anyone who lived through it will remember, the world didn't end. That led many people to conclude that media had overhyped the "crisis." There's another school of thought, however, that subscribes to the belief that Y2K gets the credit for helping many businesses to recognize the importance of IT. Beyond the massive spending on preventing chaos at the moment all clocks announced the arrival of the new millennium, businesses invested in new systems, new leaders and best practices that would enable them to compete in the new century.

In a March 2000 article in Computerworld, a U.S. Senate committee declared that the bug was "essentially dead and that an estimated \$100 billion spent on preparations was well worth it."

Y2K was a teachable moment, and in the final analysis, the GDPR could be a teachable moment as well.

In my work and based on the conversations I've had with CISOs in the Fortune 1000, I am seeing a groundswell of organizations moving to modernize their capabilities for managing regulatory change, and they are doing that by addressing the challenges that I addressed above.

By leveraging technology, they are addressing the complexity challenge. In fact, it would be hard to keep up with the volume of laws without a way to aggregate and analyze the regulatory content.



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By leveraging outsourced and managed services, they are addressing the talent challenge. According to Gartner (via Yahoo Finance): "The availability of experienced people continues to be the most significant constraint facing both IAM professional services firms and their customers in North America. ... Gartner expects that the current mix of managed services provided by IAM professional services firms worldwide will shift only slightly toward more efficient, methodology-driven services, while staff augmentation will remain the dominant model over the long term."

And finally, by leveraging new models for funding cyber-risk, they are addressing the cost challenge. Sometimes deadlines are good. They can help us transcend mere opportunism and get things done.



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