Data protection as a permanent task for businesses: GDPR and international data transfer

Susanne Dehmel
Managing director, Bitkom

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GDPR: 3 out of 10 companies have made slow progress

How far have you gotten with implementing the GDPR?

- **3%** (2020: 3%)
  Not sure, no response

- **5%** (2020: 6%)
  Only just started

- **29%** (2020: 35%)
  Partial implementation

- **0%** (2020: 0%)
  Not yet started

- **20%** (2020: 20%)
  Fully implemented and established a verification process for further development

- **45%** (2020: 37%)
  Implemented to a large extent

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2 Base: all companies with 20 or more employees (n=502; 2020: n=504) | Deviations from 100% are due to rounding | Source: Bitkom Research
Smaller companies have a hard time adjusting to the GDPR

How far have you gotten with implementing the General Data Protection Regulation?

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>65%</td>
<td>57%</td>
<td>8%</td>
</tr>
<tr>
<td>20–99 staff</td>
<td>58%</td>
<td>52%</td>
<td>6%</td>
</tr>
<tr>
<td>100–499 staff</td>
<td>86%</td>
<td>70%</td>
<td>16%</td>
</tr>
<tr>
<td>500+ staff</td>
<td>90%</td>
<td>98%</td>
<td>-8%</td>
</tr>
</tbody>
</table>

0% 20% 40% 60% 80% 100%

Fully or to a large extent partly just started not sure, no response

Base: all companies with 20 or more employees (n=502; 2020: n=504) | Source: Bitkom Research 2020
# The pandemic and continuous adjustments hamper implementation

What reasons stand in the way of full GDPR implementation?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Internal Reasons</th>
<th>External Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other priorities due to the pandemic</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>Lack of human resources</td>
<td></td>
<td>61%</td>
</tr>
<tr>
<td>Lack of financial resources</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>We can't just focus on data protection</td>
<td></td>
<td>23%</td>
</tr>
<tr>
<td>Lack of know-how</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>Necessary system changes are pending</td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td>Not possible to fully implement the GDPR</td>
<td></td>
<td>77%</td>
</tr>
<tr>
<td>Ongoing adjustments due to new court rulings and recommendations from...</td>
<td></td>
<td>47%</td>
</tr>
<tr>
<td>Data transfer to countries outside the EU must be reviewed</td>
<td></td>
<td>45%</td>
</tr>
</tbody>
</table>

Base: companies that haven’t yet fully implemented the GDPR (n=389) | Multiple answers possible | Source: Bitkom Research
Three quarters expect permanently higher expenditures

Have you had and will you continue to have higher expenditures since the GDPR came into effect?

- **2%** (2020: 1%)
  Not sure, no response

- **6%** (2020: 7%)
  Yes, in the months after it came into effect but not anymore.

- **19%** (2020: 21%)
  Yes but the increase in expenditures is wearing off.

- **32%** (2020: 35%)
  Yes, and the expenditures will increase more.

- **42%** (2020: 36%)
  Yes, and it will stay this way.

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**base:** all companies with 20 or more employees (n=502; 2020: n=504) | Deviations from 100% are due to rounding | Source: Bitkom Research
GDPR hampers innovation projects in Germany

Have your company’s new, innovative projects failed due to the GDPR?

At 76% of the companies, at least one innovation project has failed due to concrete requirements of the GDPR.

At 86% of the companies, at least one innovation project has failed due to uncertainties in dealing with the requirements of the GDPR.

<table>
<thead>
<tr>
<th>Innovation Project</th>
<th>Yes, due to concrete requirements of the GDPR</th>
<th>Yes, due to uncertainties in dealing with the requirements of the GDPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating data pools</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>Process optimization in customer service</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Projects to improve data use</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Using new technologies like AI or big data</td>
<td>23</td>
<td>13</td>
</tr>
<tr>
<td>Using cloud services</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Process optimization in database management</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Using new data analysis tools</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Digitisation of business processes using new software</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Process optimization regarding website design</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Using software from global providers and platforms</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Integrating additional digital tools</td>
<td>12</td>
<td>4</td>
</tr>
</tbody>
</table>

Base: all companies with 20 or more employees (n=502) | Multiple answers possible | Source: Bitkom Research
Legal uncertainty is a hindrance, regulatory bodies are not helpful
What are the greatest challenges in implementing the GDPR?

- Legal uncertainty
- Too many changes or adjustments
- Lack of implementation aids from regulatory bodies
- Inconsistent interpretation across the EU
- Lack of financial resources
- Difficult technical implementation
- Lack of qualified staff
- Lack of support within the company

Base: all companies with 20 or more employees (n=502; 2020: n=504; 2019: n=503) | Multiple answers possible | Source: Bitkom Research
Data protection is an obstacle for digital transformation

To what extent do you agree or disagree with the following statements?

- **Strict data protection** is an obstacle to the digital transformation of Germany.
  - 66% (cf. 2020: 60%)

- Inconsistent interpretation of data protection regulation in Germany is a hindrance to digital transformation.
  - 66%

- We overdo it with data protection in Germany.
  - 50% (cf. 2020: 40%)

Base: all companies with 20 or more employees (n=502; 2020: n=504) | Responses: “agree fully” or “agree to some extent” | Source: Bitkom Research
Many fall on deaf ears at data protection authorities

Have you ever requested help with implementing data protection regulation from regulatory bodies?

- **19%** No
- **1%** Not sure, no response.
- **24%** Yes, but we never received a reply
- **29%** Yes, and we received help
- **28%** Yes, but the reply we received wasn’t helpful

Which of the following types of help did you receive?

- Guidelines: 64%
- Individual consultation for reviewing new...: 32%
- Group consultation offerings: 27%

Base left: all companies with 20 or more employees (n=502) | Deviations from 100% are due to rounding |
Base right: companies that received help (n=143) | Multiple answers possible | Source: Bitkom Research
Experiences of companies with regulatory bodies

Which of the following statements apply to the help your company received?

- Received friendly support: 59%
- Competent contact: 47%
- Received help with practical implementation: 38%
- Quick response: 29%
- We could implement innovative, data-driven projects quicker: 27%
- We received concrete help on current legal issues like international data transfer: 27%

Why haven’t you requested help from a regulatory body?

- Other companies reported having bad experiences: 34%
- We didn’t know they offered help: 26%
- Quality of help is lacking: 25%
- Worried that regulatory bodies learn about our problems: 18%
- Regulatory bodies are not interested in problem-solving: 16%
- We don’t require help: 1%

Base left: companies that received help (n=143) | Base right: companies that haven’t requested help (n=96) | Multiple answers possible | Source: Bitkom Research
Most are dissatisfied with help received from regulatory bodies

How satisfied were you with the help that your company received?

- 3% Not sure, no response
- 25% Not satisfied at all
- 41% Less satisfied
- 19% More or less satisfied
- 12% Very satisfied

Source: Bitkom Research
A majority processes personal data outside the EU

Does your company transfer personal data to countries outside the EU? If so, to which countries?

- Yes, to external service providers: 48%
- Yes, to business partners: 25%
- Yes, to subsidiaries, other departments: 12%
- No: 44%

Base left: all companies with 20 or more employees (n=502) | Base right: Companies that transfer personal data to countries outside the EU (n=258) | Multiple answers possible | Source: Bitkom Research
Data transfer is necessary for a variety of reasons

Why do you transfer personal data to countries outside the EU?

- We use cloud services that transfer data to countries outside the EU: 85% of all companies, 99% of companies with 500+ employees
- We use global service providers, for example, for 24/7 security support: 68% of all companies, 75% of companies with 500+ employees
- We use communication systems that transfer data to countries outside the EU: 52% of all companies, 73% of companies with 500+ employees
- We have company locations outside the EU: 22% of all companies, 50% of companies with 500+ employees
- We work together with partners outside the EU on, say, R&E: 13% of all companies, 22% of companies with 500+ employees

Base: Companies that transfer personal data to countries outside the EU (n=258) | Multiple answers possible | Source: Bitkom Research
Halt to international data transfer would have severe consequences

What are the consequences of not being able to process personal data outside the EU? (in percent)

<table>
<thead>
<tr>
<th>Consequence</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couldn't offer certain products and services anymore</td>
<td>62%</td>
</tr>
<tr>
<td>Competitive disadvantage compared to non-EU countries</td>
<td>57%</td>
</tr>
<tr>
<td>Higher costs</td>
<td>54%</td>
</tr>
<tr>
<td>Global security support could not be maintained</td>
<td>54%</td>
</tr>
<tr>
<td>Global supply chains would be disrupted</td>
<td>41%</td>
</tr>
<tr>
<td>Lesser quality of products and services</td>
<td>39%</td>
</tr>
<tr>
<td>Would have to change the company structure completely</td>
<td>31%</td>
</tr>
<tr>
<td>Would fall back in the competition for innovation</td>
<td>12%</td>
</tr>
<tr>
<td>Would have to stop our business operations</td>
<td>3%</td>
</tr>
<tr>
<td>No consequences</td>
<td>0%</td>
</tr>
</tbody>
</table>

Base: companies that transfer personal data to countries outside the EU (n=258) | Multiple answers possible | Source: Bitkom Research
Every second company used Privacy Shield

Have you transferred personal data to the US in the past based on Privacy Shield?

48% Yes

On what legal basis does your company currently transfer personal data to the US?*

<table>
<thead>
<tr>
<th>Legal Basis</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard contractual clauses</td>
<td>84%</td>
</tr>
<tr>
<td>Binding corporate rules</td>
<td>34%</td>
</tr>
<tr>
<td>Consent</td>
<td>12%</td>
</tr>
<tr>
<td>Currently still discussing how to deal with the discontinuation of Privacy Shield</td>
<td>8%</td>
</tr>
</tbody>
</table>

Base: companies that process personal data in the US (n=135) | *Multiple answers possible | Source: Bitkom Research
These are the top data protection-related issues 2021

What data protection-related measures would you wish for from the future federal government? (in percent)

- Adjusting the GDPR: 89%
- Stronger EU harmonization of data protection regulation: 68%
- Adjusting federal laws on data protection: 63%
- Abolishing state-level data protection authorities: 60%
- Improving access to publicly produced data: 57%
- Tough stance in negotiations with the US on international data transfer: 46%
- Pushing for a political solution for international data transfer: 32%

Base: all companies with 20 or more employees (n=502) | Multiple answers possible | Source: Bitkom Research
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