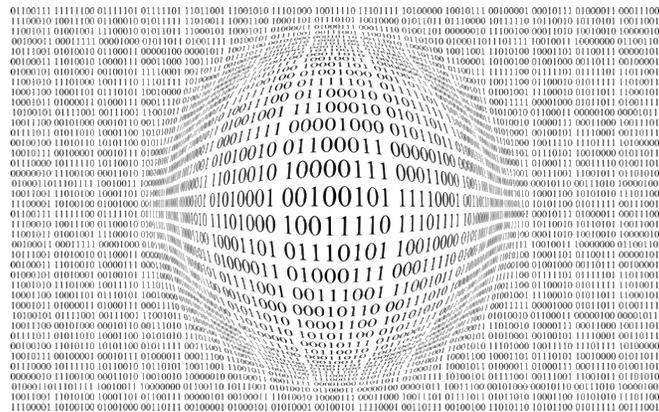


Understand what GDPR means

Contact: [Gauthier Labalette](#)

The European Union's General Data Protection Regulation (GDPR) was adopted on April 2016 and will come into effect in May 2018. All companies are now working very hard to understand the new requirements and ultimately comply with them. We are providing here a summary of the main implications for organizations, as well as a view on the opportunities linked to this new regulation. GDPR is often described as a set of constraining rules, whereas in reality it is also triggering a large range of possibilities.



Portability – Removing data barriers

One of the most exciting step of the GDPR is around data portability. It allows individuals to obtain and reuse their personal data for their own purposes across different services. Currently, if you want to leave your preferred social network because you want to test a cool start-up, you lose all your friends. Same thing, with your book or music provider. If you churn, you lose your library and your playlist. You are *locked-in*.

Of course, this is not only true for data. All sectors have been historically garnished with barriers that make it arduous for customers to switch to a competitor. The regulator has intensified its actions to remove some of those hurdles. And this has been a proven success in the telecom industry or the banking sector. Customers can now change provider, without losing their mobile number. They can also open a new bank account and delegate to their new bank the management of the direct debit domiciliation. Those measures have been very beneficial for individuals and new entrants. Therefore, moving to a world where data could be transferred from one provider to another, is a very good news for the customer and for innovation.

Privacy by design – Data protection as a “must have”

This is one of the major theme of the new regulation. This means companies will need to embark privacy requirements within all their projects and at the heart of all their processes. Privacy will stop being a “nice to have” feature. This new philosophy will require companies to review all their processes and change the working culture. In the short term, this is a great opportunity for *change management* specialists...

We recommend organizations to embrace this new framework and to use GDPR as an opportunity to deepen customer relationship. In the last decade, no company has been perfect in terms of managing its customer data. As organizations now have the obligation to revisit their whole privacy policy, they have the opportunity to make it better than their competitors and to use it as a point of differentiation.

Last comment process-related, GDPR also introduces the concept of “one-stop shop”. This means companies will have one single stakeholder to manage, when discussing data protection matters, at the EU level. This is a factor of simplification for international companies.

Management of consents – Giving back control to the users

Absent a legitimate interest, contractual necessity, or compliance with a legal obligation to justify the data processing at issue, the subject must provide appropriate consent. This point is heavily discussed within the advertising industry, as it potentially challenges the business model of some actors. Concretely, publishers will have to obtain active consent from customers. And nobody knows whether individuals will say “yes”. The recent success of ad-blockers, especially among millennials, shows that many internet users are fed-up with aggressive digital marketing policies. So, many individuals might say “no”.

Two data points illustrate the financial implications. First, broadly speaking, a targeted ad is worth almost 300% more than a non-targeted ad. Second, since 2017, internet advertising has become the world’s biggest advertising medium, ahead of traditional TV.

And this will also affect all players of the industry, including Google and Facebook. Those actors represent together 70% of the online advertising spend in Europe. Their business model is clearly to convert data into dollars, by serving the right ad at the right moment to the right customer. Of course, Google and Facebook have an important competitive advantage, compared to other actors. As they have a broad, close and privileged relationship with their users, they should be able to well manage this “consent revolution” and to guide their users towards the right choice. Nevertheless, given the financial amount at stake, every percentage point lost in conversion will result in a meaningful amount of revenues at risk.

Right to be forgotten – Giving the possibility to “erase” past data

This gives individuals the power to request the removal of their personal data when there is no compelling justification for its continued processing by a company. This requirement has been already heavily covered with the Google Spain case (2014). It is probably one of the first example, where Google had to adapt its global playbook to European specificities. This concept is already included by many local countries, and the GDPR is making it an obligation for all companies offering services to EU citizens. The regulation also goes beyond a simple dereferencing.

Fines – Data is a serious topic

The fines that may be imposed for breaches of the GDPR have been significantly increased and now represent a real sword of Damocles. Depending upon the type of breach, a fine of up to 4% of annual worldwide turnover or €20M can apply (whichever is the greater). Obviously, data compliance authorities will want organizations to respect the spirit of the law and will not apply those fines bluntly. Nevertheless, there is now a clear and dissuasive framework, for companies that breach the law.

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Recent history shows that regulation is always lagging behind technology and innovation. This has been true for data, as clearly the European framework was not adapted to the “surge of data” we are currently experiencing. However, the regulator has reacted rapidly. And the new rules of the games are smart. They could well be a source of inspiration for other countries in the world. For us, the main concern of the new regulation is around small and medium-sized businesses. Adopting and adapting the rules will be complex and expensive. Albeit not being the objective, this could end-up strengthening the position of the actors, that are already dominating the market.