

Good Privacy Is Good for Business

Benchmark study shows mature, effective privacy practices can yield greater competitive advantage and lower risk.

Michelle Dennedy: Good privacy is good for business. Being able to prove that your company respects privacy can be a competitive advantage. But, if your customers feel you don't value their privacy, they might take their business elsewhere. Unfortunately, the results of our recent benchmark study on privacy maturity indicate that data privacy issues are causing significant sale cycle delays for up to 65% of organizations worldwide. The good news is that the study also points out that organizations with more mature privacy practices have lower potential financial losses from cyberattacks.

Cybersecurity, data protection, privacy. You like to stay ahead of the curve and listen to experts who are leading the way and driving greater value from data with a more organized approach to data privacy. You're like us, just a few deviations past the norm. You are a Privacy Sigma Rider.

Why is it that so many business leaders see data protection and privacy as a necessary evil or just a compliance boring slog? The research seems to point to the potential business value of the state of the art approach. What's holding us back from realizing full potential of our data? We need an expert and a Sigma Rider. We asked our director of data valuation, Robert Waitman, to come back and talk to us about the findings of our privacy maturity benchmark study and sketch out some of the implications for companies seeking to reduce sales friction associated with data privacy issues. Welcome, Robert. What's going on with this research? Exciting stuff.

Robert Waitman: Well, thanks, Michelle. Thanks for having me back to another session of Privacy Sigma Riders. I know in our first film we talked a lot about the value of data and how organizations can better use what they have. It's just thrilling to be able to have research that we've done in the field over the past few months to be able to demonstrate some of that value and come back with some quantification of it.

Michelle Dennedy: Let's slow down a little bit. What is this research of which you speak, Mr. Waitman?

Robert Waitman: What did we do?

Michelle Dennedy: What do we do?

Robert Waitman: Well, like you said, people were increasingly concerned about getting ready for GDPR and all of the compliance issues associated with that. Of course we've all seen in the press so many data breaches, organizations being increasingly concerned and rightfully so about their data and how it's being used and who has access to it. We are hearing that from Cisco customers and other customers that I've spoken with on customers coming in to conversations and being more concerned and interested about what data you collect.

Michelle Dennedy: I've experienced this, too, in my career where maybe it'll be a procurement person, maybe it's a sales person, maybe it's even a product group and they come and they say, "Well, can we sell this thing?" Or, "We can't sell in this geography." Or, "The lawyers won't let me because ... " How did you come about selecting questions and figuring out what to study and what to measure?

Robert Waitman: Well, we're interested in understanding exactly that. What is the impact of privacy on organizations? We understand a little bit at Cisco, but wanted to understand what the global trends are around this. Sometimes those privacy type questions are easy to answer and the buyer can get a good response. Sometimes the organization may have the data but have to go get it to answer the question about where the data is and who has access. Sometimes they go find out that really the answer isn't fully satisfactory to the customer, that you might have to make some design changes or change the way your service is delivered in order to meet either the requirements or even their expectations of the way data privacy is going to be treated.

Michelle Dennedy: Or even find someone who speaks data within the organization.

Robert Waitman: That can be a challenge, too. With that as a backdrop, we wanted to get some answers, go out and get some research and see what that looked like, find out whether these were causing significant delays. What we did was to share some questions with the annual survey that Cisco runs, the Cisco annual cybersecurity benchmark survey, and we put privacy questions into that and asked them about their privacy organizations and what kind of delays, if any, they're seeing from a sales perspective, as well as how mature they are as a privacy organization. Are they doing the things that GDPR and other compliance things require of them to become a privacy mature organization?

Michelle Dennedy: I like this practice tip. I'm going to slow down just for a moment as a practice tip. We already have been doing a cybersecurity survey for a long time so we're free riding here, aren't we?

Robert Waitman: We are.

Michelle Dennedy: I think that's a really important thing to do when you talk about efficiency. This is a process already running. These are answers and studies already going on. How do we leverage those existing forward motions? Sorry to interrupt you but I think that's so important for people that are trying to figure out how to get these resources and do this kind of work.

Robert Waitman: There's some side benefits, too. Not only did we get to ask questions that we wanted to a very large and global population, we also were able to compare those results to things that we've learned from the cybersecurity itself. One of the interesting findings, which I'll get to in a moment, is the correlation between organizations that are more privacy mature and in fact having fewer losses from cyber events. That was an anticipated surprise, but a very nice thing to see.

Michelle Dennedy: I think it's an intuition of privacy people but it's good to have some validation. Can we back up and talk about the study itself? How is this designed? How does this work?

Robert Waitman: We went out to over 3,000 respondents globally across 20 different countries, all major industries and we analyzed those results and looked at what meaning it may bring and shed

light on the questions that we were asking. In this case, I think the major things we talked about in the major findings which you alluded to earlier is that 65% of these organizations did say that they have delays due to data privacy in their sales cycle.

Michelle Dennedy: That's a lot.

Robert Waitman: And that's a lot. We had no idea what that was going to look like. I think what's really exciting for me about this is this is the first time people have measured these. We've talked about these issues. Customers have said, "I'm not sure how much this is impacting my business." But, now we actually have some data to be able to quantify and to share that kind of insight with people.

Michelle Dennedy: When you say 65% have responded, yes, that they've had a slowdown, that could be one deal. That could be every deal. There's a wide field of study here yet to do, right?

Robert Waitman: Yeah. I think we're just scratching the surface. Just to have an idea that that many organizations would say they're having sales delays and the average delay what they reported I should mention was 7.8 weeks. We're talking about almost two months of delay due to data privacy issues. Now, that could be affecting one of their product lines. It could be a major division or it could be the whole company. We don't know that yet, but we do know that this is a significant issue, again, affecting companies worldwide.

Michelle Dennedy: This is two months of delay and most of us are on quarterly financial reward systems. You're talking about two-thirds of a chunk of someone's life delayed. You've got the yes. You've gotten to yes. They want your product or service and now you've got a two month delay almost reselling something that you've already sold. That doesn't sound like the most efficient way for organizations to spend their time.

Robert Waitman: Yeah, it's certainly not. We should comment that the delays could come anywhere in the sales cycle. Often it happens earlier. It could be in initial conversations where customers might be asking, "Well, how does this product really work or this service? Where is the data housed? How do I have access to it?" Again, it could come anywhere on that sale cycle.

Michelle Dennedy: All of this is correlation. It's not causation. If you just got past two months and you just built in lag time, all of these goes away, right?

Robert Waitman: Right. There's a lot of issues that go into that. Again, we're just scratching the surface here. What's interesting in that is 7.8 was the average. But what could we learn about organizations that are doing it better than others? That's where this privacy maturity model came in. We asked organizations how mature they were according to a model that the AICPA and the CICA put out. That's the American Institute of CPAs and the Canadian Institute of Chartered Accountants.

Michelle Dennedy: A lot of privacy people know this as GAPP.

Robert Waitman: That's that model. That's been out for seven or eight years already. We didn't invent that. We just leveraged it and said, "Hey, where would you fall on this model?" They would fall anywhere in the five areas from ad hoc to repeatable, defined managed and optimized. It's a five stage model. But, what we found when we looked at how mature they were on that model versus the

sales delay, we found something fascinating which was that organizations which were relatively immature, the ad hoc organizations, were having delays of 16.8 weeks, way more than average. If you went to the other end, the optimized, the stage five organizations, their average of delay was only 3.4 weeks. That's an 80% reduction in that sales delay that we could correlate with privacy maturity.

Michelle Dennedy: Who wouldn't want 80% more efficiency in any part of their business?

Robert Waitman: That's 100% right. We shall also say it's not that a delay by itself is so detrimental. But when you delay sales, you often lose sales. Either it's because your product has a limited life cycle and so the customer no longer wants it because at some point the next iteration is coming out. It may be that a competitor can step in while the customer is getting information and deciding things, that they may go with a competitive product or maybe that the person doing the buying just moves on to other things. They have other priorities and they forget about it. This idea of a delayed sale is definitely a bad thing and should be reduced wherever possible. I think that's what we're saying here is that by making yourself easy to do business with, and that's something that we at Cisco talk a lot about. How do we make ourselves easy to do business with? We're enabling our customers to have the information they need to make a buying decision sooner and get the product or services they need sooner as well.

Michelle Dennedy: I'm excited about these preliminary correlations because I think, A, I don't think we've measured this before. I think this is pretty groundbreaking stuff and I also feel like ... I think privacy and data are often pushed into some sort of esoteric or legal conversation when everything that you've talked about so far, 16.8 weeks for the outside outliers and 3.4 for the people who are doing this kind of thing whether or not that is causal or correlated, that is something that any business person with not a ton of privacy or security background can actually look at and stare at real hard and say, "What can I do better? What can I trend to do better?"

What do you think this says, or depending on the amount of revenue impacted by sales delay or delay or inefficiencies and process depending on the type of industry you're in and the kind of margins you have to live with, what does this say about the exploration in ROI of data privacy governance protections and training programs and all the other great things that we tried to do when we are in that mature mode of known processes to data governance?

Robert Waitman: I think it highlights and really quantifies for the first time what benefits organizations might get from becoming more privacy mature. We know that everybody is trying to get ready for GDPR and certainly a lot of investment and attention on that. This is a broader issue about why might your organization want to invest, become better at privacy processes. What we've shown here and we can now quantify what would be the benefit of going from stage one to two to three to four to five. A particular note is you don't have to get all the way to stage five to get most of those benefits. You're asking about the ROI and what should we invest in. If you just go from stage one to stage three, you get 70% reduction. That's almost the whole thing. Again, it's easier for organizations to say, "Where am I? What do I need to do to try to capture some of the good for business benefits I get from privacy?"

Michelle Dennedy: That is really cool. I think if you get to 100% compliance and you get to 100% perfection in all your processes, you're probably overspending. This is always the game of where do you prioritize your resources whether they're technical resources, financial resources or human

capital and time and even frustration resource. I think this is really exciting research. Where can people get more detail about this study and figure out where are we going to go next. I'm assuming that you're going to stay with us and keep searching for more answers, Robert. I'm begging that question.

Robert Waitman: Yeah, there's a lot more to figure out here so absolutely. This is I think in the beginning of doing some interesting quantification work and analysis that help just drive behavior to better conclusions. I think in terms of some of the research that we've had, we're going to post the whitepapers I think posted and we have blogs and other information is certainly available and people can dive into this and follow up and have the conversation on what this means. I think there're some things that organizations who are listening to this should do as a result of what we've found. We can talk about how we can help do that.

Michelle Dennedy: You're also relatively new to Twitter. Right, Robert?

Robert Waitman: I am but I'm there.

Michelle Dennedy: We were talking the other day about getting followers and joining the Twitter revolution. What's your Twitter handle, Robert?

Robert Waitman: Well, guess what? RobertWaitman.

Michelle Dennedy: @robertwaitman for Twitter.

Robert Waitman: That's Twitter.

Michelle Dennedy: Or people can also find you on LinkedIn?

Robert Waitman: Absolutely.

Michelle Dennedy: I'm hoping this is a call to action to the quants out there in the audience who want more metrics and data. We've really been focusing a lot on this, too. What are your thoughts really about ... Where is this? Are there a ton of people out there doing this, Robert?

Robert Waitman: Well, I think there are people who are seeing that this starting to have an impact and that they need to be improving the way that they do these processes and make themselves easier to work with with customers. I don't think anybody before has quantified this. Now we have a way of looking at what the benefits actually would be. Therefore, they can make good investment decisions around this. I think for any organization out there, look, you've got to assess your situation. This issue of sales delay is affecting a lot of folks. Some a little bit and some a lot. Everybody, just like Cisco is doing, let's understand what that assessment looks like. How much of my portfolio is impacted and what kind of investments can I make to perhaps move myself up a little bit on that maturity curve that would give me the two benefits we've talked about today? One is reducing the sales cycle delays and two is this correlation that we found saying that organizations which are more privacy mature are not breached as often and that the losses associated with those cyberattacks are less.

I'll throw out one other statistic around this which is that of the early stage, the immature organizations, 59% of them had losses due to cyberattacks of more than a million dollars last year. That sounds like a lot. Compare that to the people who are privacy mature, stage five. They only had 28% of them had losses of more than a million. You effectively, yet we won't want to say it's causality, but from a correlation standpoint, those organizations that are more mature had half the risk or half the likelihood of having an over million dollar lost due to cyber events last year. We can imagine why. If you're protecting your data and you're doing the right processes around it, not keeping data around you don't need, you're having less jewels around for someone to breach and to take advantage of.

Michelle Dennedy: I think this is amazing. The headline here is good privacy is good for business. We knew that privacy was good for business but good privacy we're starting to measure is actually quantitatively as well. It's qualitatively good for your employees, good for your customer, good for your innovation and maybe good for your bottom line. Thank you, Robert, for this short but sweet Privacy Sigma Rider. We hope to come up with way more deviations away from the norm and toward more quantification in this issue.

Robert Waitman: Well, thank you. It's fun to be here as always and I look forward to continuing the conversation and thanks for having me.

Michelle Dennedy: Yes, sir. Thank you and thank you all out there. If you'd like to see the whitepaper and our annual cyber risk report, everything and more can be found at trust.cisco.com.

You've been listening to Privacy Sigma Riders, brought to you by the Cisco Security and Trust Organization. Special thanks to Kory Westerhold for our original theme music. Our producers are Susan Borton and David Ball. You can find all our episodes on Trust.Cisco.com, or subscribe wherever you listen to podcasts, then please, take a moment to review and rate us on iTunes. To stay ahead of the curve between episodes, consider following us on Facebook, LinkedIn, and Twitter, and you can find me, Michelle Dennedy, on Twitter @mdennedy. Until next time.