JUNE 2021

Privacy Tech's Third Generation

A Review of the Emerging Privacy Tech Sector

Privacy Tech Alliance

FUTURE OF PRIVACY FORUM

Conclusions

Based on more than 30 hours of interviews with dozens of the world's leading experts, the *Privacy Tech Alliance's report Privacy Tech's Third Generation: A Review of the Emerging Privacy Tech Sector* highlights important insights regarding the state of the privacy technology market. Key conclusions:

- The COVID-19 pandemic globally accelerated marketplace adoption of privacy technology.
- Common drivers of initial privacy technology purchases are regulatory compliance, contractual requirements, and the reputational risks associated with data privacy breaches. These initial drivers often lead purchasers of privacy tech to explore other opportunities to deploy additional privacy tech offerings.
- The privacy landscape is expected to become more complex and less homogenous as jurisdictions' regulations begin to diverge, increasing compliance complexity.
- Common privacy terms, including those included in statutes or regulations, are not uniformly defined or understood.
- The lack of common understanding about privacy terms is limiting the growth of the privacy tech industry.
- In addition to lacking a common vernacular to describe privacy tech, there is no commonly accepted methodology for characterizing what technologies and services are part of the privacy technology industry or the so-called privacy stack.
- The lack of common vernacular and inconsistent typology for the privacy stack may also be causing some misalignment between the privacy tech available in the market and the needs of buyers.
- Recently, privacy tech offerings are expanding well beyond products and services that assist in regulatory compliance into products and services that assist businesses in making the personal data they encounter both maximally available and maximally valuable for business services.
- Key buyers of privacy tech within many large companies include: Chief Technology Officers, Chief Marketing Officers, Chief Strategy Officers, and Head Data Scientists.
- Buyers of privacy tech serving global markets increasingly need to build or buy privacy tech that supports controls, regulatory compliance, and data availability and value.
- Buyers often prefer to buy integrated privacy tech products that accomplish numerous business needs rather than one-off, standalone privacy tech solutions.
- While large enterprises are significant purchasers of privacy tech services, many of the largest tech companies have the scale, unique needs, and engineering capacity to build privacy tech natively and as such purchase fewer services from privacy tech vendors.

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see next page for Recommendations

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Recommendations

Based on more than 30 hours of interviews with dozens of the world's leading experts, the *Privacy Tech Alliance's report Privacy Tech's Third Generation: A Review of the Emerging Privacy Tech Sector* highlights important insights regarding the state of the privacy technology market. Key recommendations:

- Privacy tech stakeholders should develop and promote voluntary, shared, consensus-driven vernacular in the privacy technology market, as well as a common typology for descriptions of the tools and services.
- A trusted body should provide common definitions and standards for privacy enhancing technologies (PETS) such as differential privacy, homomorphic encryption, federated learning, and similar technologies, and should indicate the maturity and utility of these technologies for different business cases, as well as to how the uses of these PETS map to legal requirements.
- Further research should be conducted to identify market segmentation in privacy tech buyers.
- Further research should explore what unique needs, if any, small- or medium-sized enterprises may have relative to those of large enterprise buyers of privacy tech.
- Future research might also explore whether the needs for privacy tech solutions differ between industry types.
- Future research might also consider whether businesses that solely or primarily interact with the personal data of individuals from just one country or region have different privacy tech interests and needs than do businesses interacting with personal data on a multinational level.
- Vendors should recognize the need to provide adequate support to customers to increase uptake and speed time from contract signing to successful integration.

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see previous page for Conclusions