



# Impact of CCPA on Business

white paper

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## Executive Summary

We all deserve data privacy. Our personal information is on the line, and we require privacy laws to maintain the safety and integrity of our collected data. After all, the steady stream of information regarding ransomware, malware, and data breaches is enough to give developers, marketers, and businesses sleepless nights.

To combat the situation, governmental regulations are being enacted to safeguard data privacy and penalize organizations that fail to comply, intentionally or unintentionally. One such regulation is the 2018 [California Consumer Privacy Act \(CCPA\)](#), which aims to protect sensitive consumer data from 2020 onward.

Although it shares various rights with the EU's GDPR – such as the right of access to data, the right to be forgotten, and the right of portability – there are still nuances to the California regulation that can affect your business. This regulation went into effect on [January 1, 2020](#); understanding how to comply with this regulation is a crucial element of current and future business operations.

FileCloud enables data infrastructure modernization scenarios, thanks to its flexible cloud implementation, backup and disaster recovery support.

- **Gartner Magic Quadrant Report**

FileCloud is deployable in a private cloud (FileCloud Server), a public cloud (FileCloud Server), and hybrid architectures.

Organizations can choose to implement FileCloud on public cloud infrastructure, such as that of AWS and Microsoft Azure, or in private data centers.

- **Gartner Magic Quadrant Report**



## Why CCPA Matters?

Under CCPA, residents and employees of California can now:

- **Request deletion of personal details**, opt out of the sale of personal information, know whether their personal information was disclosed or sold, and find out which categories of their personal details have been collected.
- **Receive equal price and service**, even when exercising privacy rights. According to the CCPA, personal information broadly includes various categories that identify a person indirectly, such as aliases, social security numbers, search and Internet browsing history, credit card information, unique personal identifiers, geolocation data, email addresses, and others.

## Impact of CCPA on Your Business

Companies must now take stock of what constitutes private data and find and secure this kind of data, going as far as to police their vendors so that they remain compliant with the new rights. The CCPA law will cover every company with a **minimum annual revenue of \$25 million** that deals with California consumers. It does not matter if the business is located in a state other than California or abroad. Furthermore, any business that collects personal data of at least 50,000 consumers or collects over half their revenue from the sale of personal data will be covered by this regulation.

California permits businesses to offer financial incentives to users who share personal data, but they need to opt in beforehand. Like GDPR, CCPA helps companies offer a reasonable protection level for personal information. Businesses now need to explain how they plan on **using customer information** and explicitly request permission before collecting and processing it.

To protect personal details of users, companies must know what data they have, how it's processed, and where it resides. This enables them to set up suitable security measures that are compliant with the new regulations.

## Impact on Businesses Affected by the Law:

Most existing privacy laws in the US are optimized to meet the requirements of certain sectors or industries. Unlike past privacy laws, CCPA is applicable to nearly every industry, barring a few exceptions. Owing to the quick approval process for this set of laws, the California legislature decided not to take into account the complaints of various companies that the CCPA will affect. For that reason, the CCPA is likely to undergo regular updates to accommodate different industries that were left out of the original act.



**More research must be done to balance privacy protections and business operating costs.**



## Greater Cost to Small Businesses

Like the oversight of different industries, the CCPA hurriedly excluded numerous small companies from very general requirements. As the current definition of business stands, the CCPA law is likely to affect most small businesses in an adverse way.



*While 50,000 might look like a huge number initially, when you divide it by 365, you're left with fewer than **150 users each day**.*

The second standard of application is also ambiguous in that it counts residents, households, and devices. The confusion on how to count up the "units" of personal information meant that many more businesses need to comply with the CCPA than intended, at least at the outset of the law's implementation.

GDPR was just the beginning of regulations aimed to protect the personal data of citizens in a previously unregulated landscape. Now that laws are beginning to catch up with the digital tools and technologies that have flourished in the past decade (including cloud technology and global internet business), companies are forced to adjust their operations to comply with new requirements. These requirements can be costly to meet, even when they are well understood, leading to reduced resources on the company's part, with downstream consequences of increased prices or job cuts. Innovative solutions that help balance privacy regulations and business operating costs will be essential moving forward.

Small business may fail to gather the funds necessary to pay off the expenses related to the new law and must choose between non-compliance with the law or removing their products/services from the California market.

Some small businesses have interconnected to recoup some profits or share compliance tools and strategies. However, only a few businesses are considered CCPA compliant. One study conducted by a data privacy rights management company found that 90% of companies were not fully compliant with CCPA or the California Privacy Rights Act (CPRA) Data Subject Access Request (DSAR) requirements. "Further, 95% of companies are using error prone and time consuming manual processes for GDPR DSAR requirements" as of [March 31, 2022](#).

## The Problem with Vague Laws

Businesses in California (or serving California residents) were already under pressure to comply with GDPR requirements. [Variations between GDPR and CCPA](#) have imposed a challenging set of expenses and operational upheaval, particularly as companies that achieve compliance with one regulation may find that makes them non-compliant with the other. Adjusting CCPA to harmonize with GDPR can significantly reduce the friction of implementation for the entire market.

## Positive Impact

Streamlining the organization, processing, and storage of collected data can [significantly improve the efficiency of a company's operations](#). From this lens, data governance can become a strategy that leads to long-term business value, while also meeting compliance requirements. Companies should only collect necessary Personally Identifiable Information (PII) to perform the services promised. Limiting data collection preserves resources and time spent on managing collected data.

If your business needs to manage data and demonstrate compliance with CCPA, FileCloud is a powerful content collaboration platform that can help. Not only does it facilitate user communication, file sharing, and endpoint backup, it also comes with powerful data governance tools to provide a hyper-secure, compliant data management interface.



## Summary

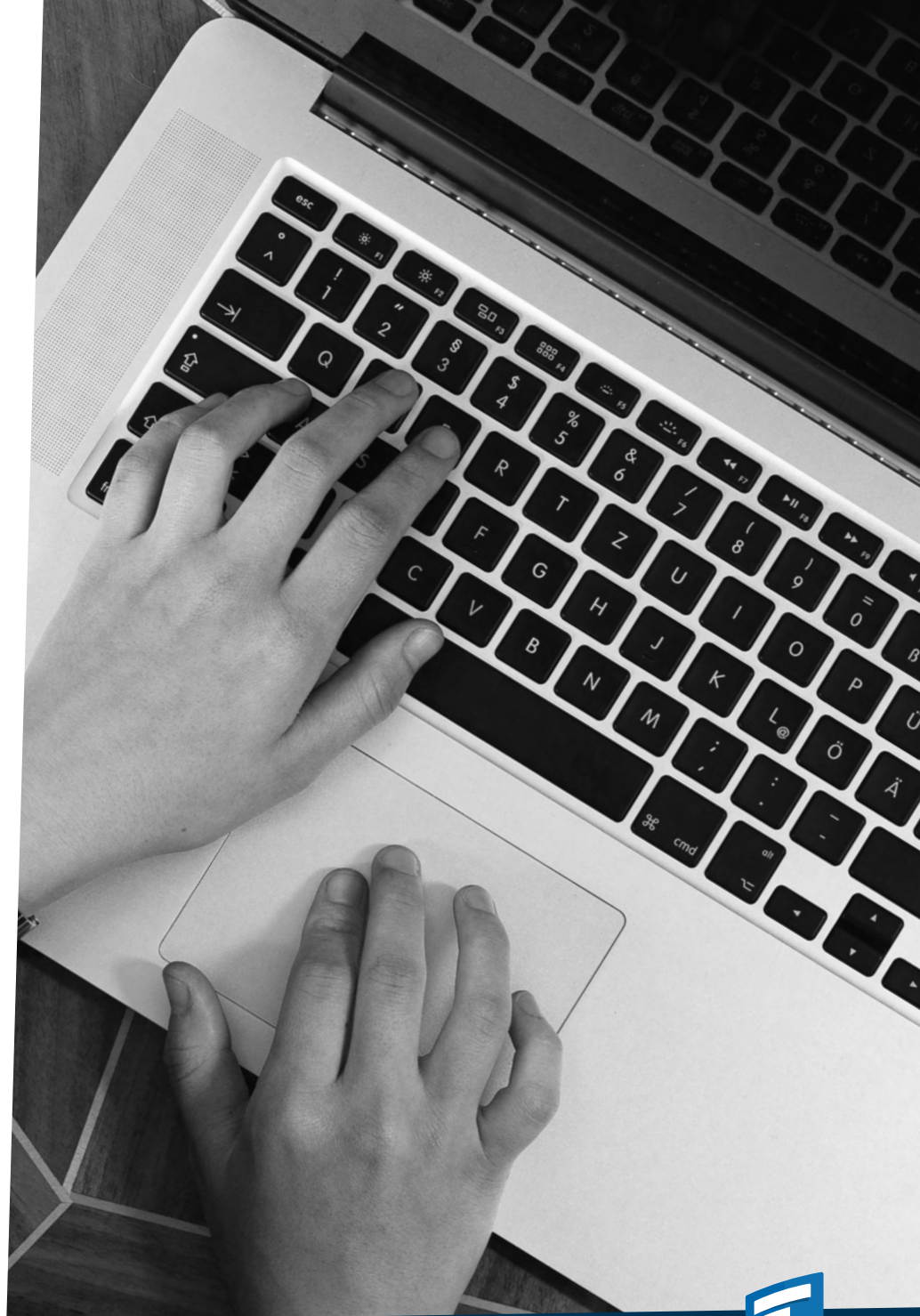
CCPA went into effect on January 1, 2020. CRPA will go into effect on January 1, 2023 and will be enforced starting June 1, 2023. It is clear that these regulations are here to stay and will likely continue to expand in number and scope.

Thus, companies must ready themselves with the necessary tools and systems to adequately respond to the changing regulatory landscape and meet compliance objectives. Otherwise, they risk steep financial penalties, damage to their reputation, lost trust from consumers, and lawsuits, among other struggles.

On the other hand, reviewing business processes to respond to compliance requirements can result in long-term business value. Solutions like integrating smart technologies and improving operational efficiency can help a business achieve competitive positioning in a dynamic market.

**Find more information on how a data governance strategy can strengthen your business in:**

[Guide to Data Governance White Paper.](#)



# About Us

A privately held software company, headquartered in Austin, Texas, USA, FileCloud is helping organizations thrive by providing hyper-secure content collaboration and processes solutions. FileCloud is used by millions of customers around the world, ranging from individuals to Global 1000 enterprises, educational institutions, government organizations, manufacturing companies, managed service providers and more.



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