


WHITEPAPER

Data transfers: Could a technical solution be the future?

When it comes to data transfers, legal & regulatory teams have carried the burden of compliance. But, is this the most efficient approach?



International data transfer regulation has become rooted in heavy manual processes and paperwork. This impacts business decisions and leaves room for risk. Legal and regulatory teams have to jump through a host of complexities—requiring the assessment of specific circumstances of data transfers such as relevant country laws and practices, and any additional contractual, technical, or organizational safeguards.

As tedious as the process of international data transfer may be, data transfers are an essential pillar for global economies and businesses to operate in an increasingly digital world. Data transfers are estimated to contribute \$2.8 trillion to global GDP by 2025. In 2022 alone, 85% of all EU-based companies rely on transferring data outside of Europe using SCCs.

Simply put, in our digital and interconnected world, getting out of the “vicious circle” of manual paper solutions for international data transfers is critical.

So, what if entities could conduct key processing functions without moving data across borders? Let’s explore what that solution may look like.

Crystal ball gazing into the future

The way data transfers are done will inevitably change—we know that much. The reality of an increasingly localized digital footprint is undeniable. 75% of countries have already implemented data localization laws. Leaning on legal teams and paperwork to keep up with ever-changing regulations and laws will only cause more friction and complexity.

Now, imagine a technical solution that can scale and serve as a single point of ingestion for data within your own cloud environment. Imagine applying governance at ingestion rather than after the fact. Imagine a solution that can be supported cross-functionally. Imagine handling compliance in real time. ***An approach that would not only provide organizations with integrated analytics, but external and internal privacy—without transferring data.***

These are all solutions that are possible—they just have to be put into practice.



New technology solutions are tangible & practical

Investing in privacy-by-design solutions doesn't require you to embrace the heavy lift of data transfer requirements when you send it outside of your cloud. Instead, your data can remain in your private cloud, a capability that offers companies a plethora of benefits and opportunities—and streamlines how data governance is done. With a technology-first approach to international data transfers, companies can reap benefits in a number of ways:

1. Won't disrupt current compliance mechanisms:

- If organizations have a solution that can sit inside their own cloud, they eliminate the need to leverage a 3rd party vendor and can keep data in-house. Data transfer will then not be a necessity, and all data functions—from compliance to analyses—can be performed internally. The ability to keep data behind your own firewall gives companies control of their data, and in doing so, won't disrupt their existing data analytics mechanisms—and will help minimize data security risks.
- Implementing a privacy-by-design technology solution also helps ensure internal risk and compliance procedures won't be disrupted. Compliance can be done at ingest, in real-time—which means no lag in compliance and further minimizing risk.
- A privacy-by-design technical solution not only checks the box on global privacy and compliance needs, but will easily integrate with a company's existing infrastructure. Meaning, brands don't need to add more to their tech stack to help with data flow—the technical solution can accommodate and account for that as well.

2. Cut back on overhead, and increase profits

Consider the ripple effect of legal solutions for compliant data transfers. Should one component fall out of place, the impact is felt across the board.

- The cost alone of data transfer analysis and compliance is burning a hole in company wallets. Organizations rely on their technical and legal teams—ranging anywhere from a few to 100 or more people—to manage and document data transfers. This is a steep cost companies must maintain each year. Regardless of how many engineers and compliance staff a company has, an alternative technical solution could reduce and mitigate that cost.

- ③ Increased and time-consuming data transfers can result in decreased GDP and missed revenue for companies. Given that 60% of the global GDP is already digitized, the compliance burdens and risk mitigation steps associated with data transfers across borders can reduce GDP gains, and even harm local economies and digital ecosystems.
- ③ Local and national government data laws also contribute to disrupting cross-border data flows for companies. As data localization becomes more prioritized for countries, companies will have to adjust their operations and business models, and customer engagement to adopt a more localized approach, which will lead to an inevitable rise in the cost of daily operations. Jumping through multiple complex data localization requirements, while doable, are not an optimal method of handling data transfers—particularly between the EU and United States, which have a data transfer relationship worth over \$7 trillion.
- ③ Compliance violations undoubtedly affect public perception and reputation—both of which can financially damage a company. For example, a tarnished reputation caused by data non-compliance might result in diminished revenue, an increase in user churn, and a decrease in new clients—which can leave a lasting stain on companies who fail to correct those issues.

3. Supports international data governance measures:

- ③ With complex and differing legal requirements across countries, companies have the difficult task of doing many things at once: understanding individual country laws, assessing risk based on the nature of the data being transferred, mitigating risk, and maintaining proper documentation. In short, this is a massive manual case-by-case process. With a technical solution that complements the increasing trend for localization by helping companies to access solutions that don't require data to be transferred, companies could mitigate such a heavy overhaul while still fulfilling data governance requirements—and improving the transfer process.

The future of data transfers is here

Legal solutions are not sustainable as the only mechanism by which companies can ensure and execute data transfer compliance. Privacy laws and regulations will continue to increase in number, and so will customer privacy preferences and rights which need to be adhered to—so organizations will need to find nimble and creative ways to meet these obligations.

There is an alternative to current costly, legally time-consuming, and operationally intense policies and procedures for data transfer and compliance. Legal teams, compliance and risk teams, and data officers should consider embracing new technology approaches to help minimize data transfers and envision what a technical solution to compliance could look like. The benefits and potential of a technical solution are both attractive and comprehensive: easy-to-use, non-disruptive, integratable, privacy by design, automated, and cost-effective. The digital landscape changes constantly—so why shouldn't we find a digital solution to support compliance?

There is hope. New privacy-by-design data platforms can dramatically reduce risk and enable brands to keep control of their data while continuing to expand their business demand, and protecting their customers' data.



Ready to dive into the future of data analytics?

If you're ready to leap forward and start analyzing your data in real-time, Scuba Analytics' customer intelligence platform is waiting for you. Scuba gives the world's most data-driven organizations—like Microsoft and Salesforce—a 360-degree view of what their customers are experiencing, how their systems and apps are behaving, and how their businesses are performing. With customer intelligence, brands can see it all in real-time, without the need for ETL, data aggregation, or any particular technical expertise.

Interested in better product analysis, data exploration, and performance analytics?

Scuba Analytics is a time-series analytics platform that spans the entire data lifecycle.

[Request a demo today](#)