California’s groundbreaking California Consumer Privacy Act (CCPA) imposes rigorous mandates on entities that collect Personal Information from California consumers. Companies that don’t collect such Personal Information might be tempted to breathe a huge sigh of relief, assuming that they’re off the CCPA hook. That, however, could be a costly mistake.

Businesses that are directly subject to the CCPA are statutorily required to impose certain requirements on companies to which they transfer Personal Information. In order to provide services to CCPA-governed organizations, “service providers” must be able to satisfy those requirements. As the CCPA’s Jan. 1 effective date approaches, those requirements are already being included in service provider contracts and in RFPs. Service providers that cannot satisfy them face serious competitive disadvantages.

The following are crucial CCPA readiness recommendations for service providers:

1. Review data security policies and procedures to ensure that your organization has implemented and continued to maintain reasonable security procedures and practices appropriate to the nature of the Personal Information collected.

2. Map data inventory:
   a. Identify the location of any Personal Information you’ve received from your CCPA-covered business partners.
   b. Ensure that if Personal Information is being transferred from your company to third parties, it is not being “sold,” as that term is defined in the CCPA.
   c. Ensure that Personal Information can be located, shared, and deleted in accordance with retention policies and verified consumer requests.

3. Review and revise downstream contracts (including click-through agreements) to ensure that third parties agree to:
   a. Act as “service providers,” as set forth in the CCPA, and
   b. Assist with consumer requests.

4. Amend upstream contracts to clarify that your company is a “service provider” by including statutory language set forth in the CCPA.

5. Establish policies and procedures to comply with consumer requests, including:
   a. Template responses
   b. Technical procedures

Because California is the fifth-largest economy in the world, and each CCPA-covered entity can have multiple service providers, neglecting CCPA readiness is simply not an option for companies doing business on a national scale. Although satisfying CCPA-required mandates may impose certain financial and operational challenges, the news is not all bad: Achieving CCPA readiness can have benefits extending well beyond California. As other proposed state privacy laws follow California’s lead and tilt toward consumer protection, CCPA-ready businesses will be a step ahead on the road to compliance.

Contact
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