

Keeping up with UK & EU Technology Regulation

The state
of **European**
regulatory trends
and **practices**

Up-to-the-minute
insights into the tech
sector resulting from
a new survey
by **Fieldfisher**



Our survey

With the rapid growth of technology regulation in the EU and UK, we thought that this was a good time to survey our clients and contacts to better understand how the market is preparing for these changes.

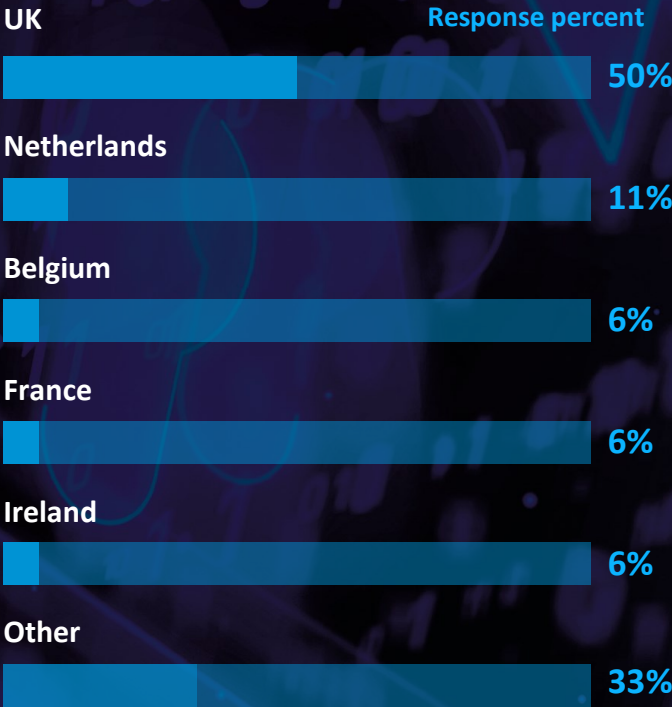
As a Tier 1 ranked Tech, Data & Regulatory law firm, these insights will help us in supporting clients to navigate the ever-changing compliance landscape.

We received responses from a broad range of senior business leaders including GCs, senior legal counsel and C-suite executives working in a variety of sectors. Responses came from organisations of all sizes, with businesses headquartered across the UK, EU and the USA.

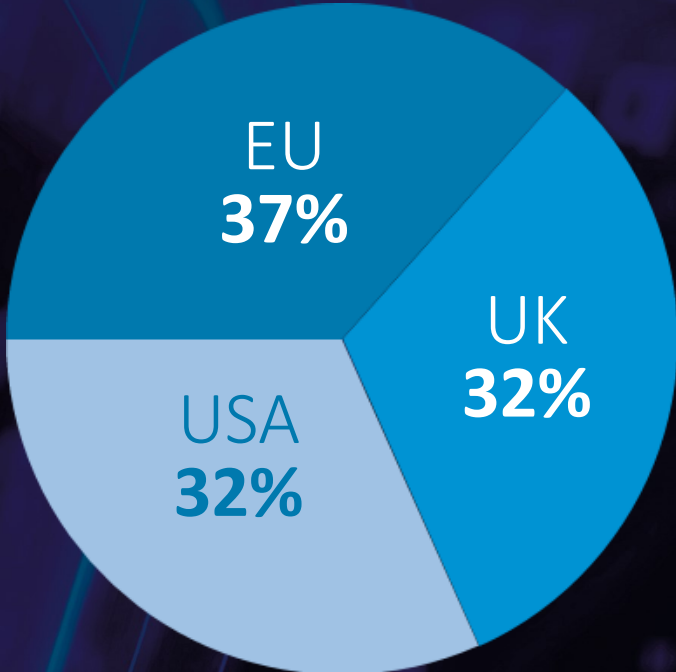
What is your role in your organisation?



Which European Countries do you operate in?



Where are you headquartered / incorporated?



Key findings



63%

of respondents feel the upcoming regulatory changes will be a burden for their organisations



Data protection and cyber security remain top priorities for businesses



Few companies have a good understanding of the changes to come in EU and UK tech regulation



Compliance teams remain small with **63%** of respondents saying they were not planning to increase compliance budgets



18% of respondents said UK and EU technology regulation could have an impact on their strategy in the UK and/or EU and which countries they might enter



Few respondents use specialist software to keep up with compliance, and **50%** say they rely very little on technology

Regulatory Priorities

It is clear from our survey that data and cyber security remain the top priorities for businesses. This is unsurprising given the maturity of the sector, the increased spotlight on privacy rights as well as high profile breaches and regulatory action.

Increasingly, businesses need to look beyond just data privacy and cyber issues with the UK and EU pushing a much broader legislative agenda.

Online safety and artificial intelligence, for example, are hot topics and seen as key priorities for legislators through regulation such as the EU's Digital Services Act, the UK's Online Safety Act and the EU AI Act.

Like GDPR before them, these regulations come with eye watering fines and strong regulatory powers requiring businesses to shift focus and start looking at technology regulation in a more holistic way.

Which areas of tech reg will have the most impact on your business?



Cyber security



Data privacy



AI regulation



Consumer protection



AML



EU Data Act



Payment services regulations

Managing Regulatory Compliance

Only 5% of our respondents said they had a very good understanding of the changes to come in EU and UK tech regulation and only a limited number were closely monitoring developments.

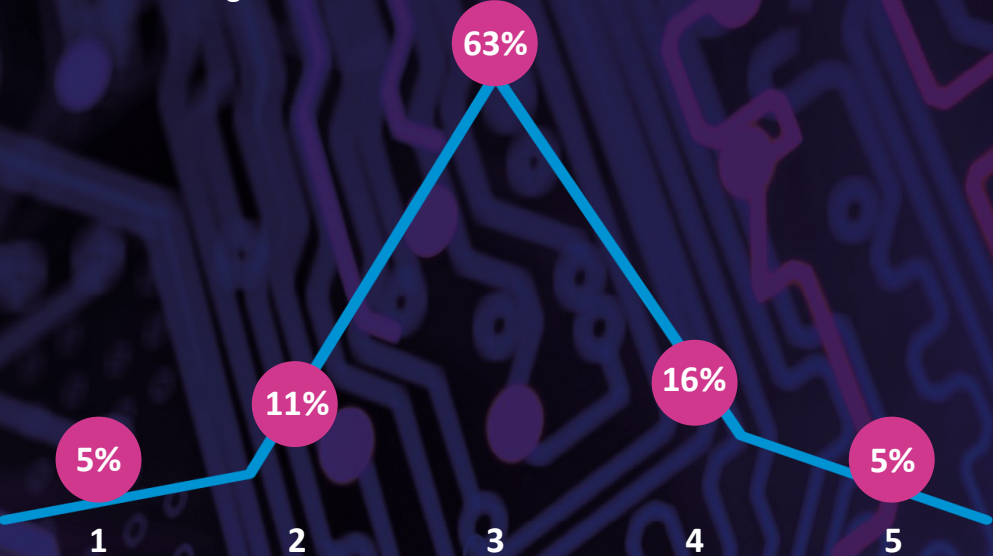
Again, this probably shouldn't be a surprise given the factors at play here. Along with the growth of regulation, the impacts of Brexit are starting to show through with divergent approaches emerging

between the UK and EU on things like platform liability. In addition, despite the harmonisation efforts of the EU, we're still seeing additional local country requirements.

For those seeking an overview of the latest UK/EU tech regulation developments, check out our horizon tracker [here](#).

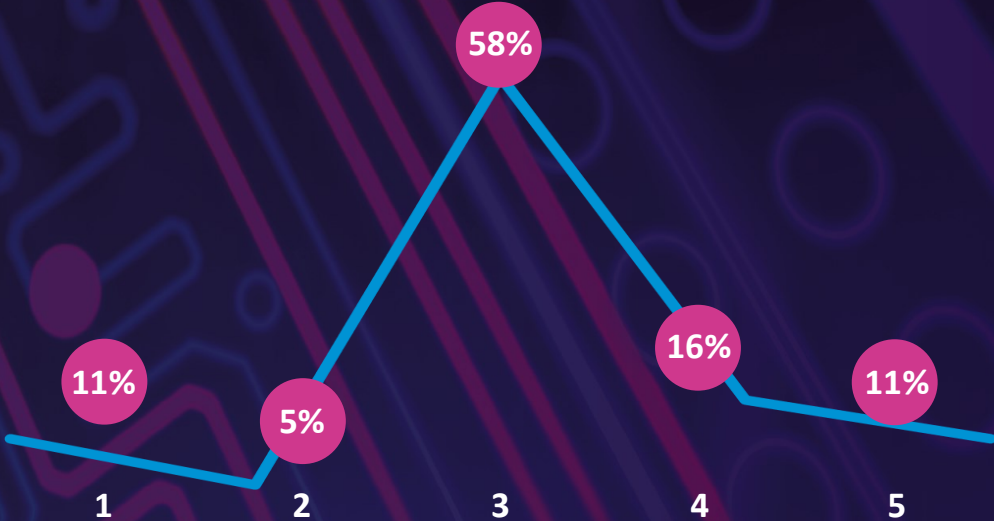
On a scale of 1-5, to what extent do you feel you have a good understanding of the changes happening across the UK and/or the EU on tech regulation?

5 being a very good understanding and 1 being little or no understanding



On a scale of 1-5, to what extent are you monitoring developments in technology regulation across the UK and/or EU?

5 being closely monitoring and 1 being not following at all



Resourcing for Compliance

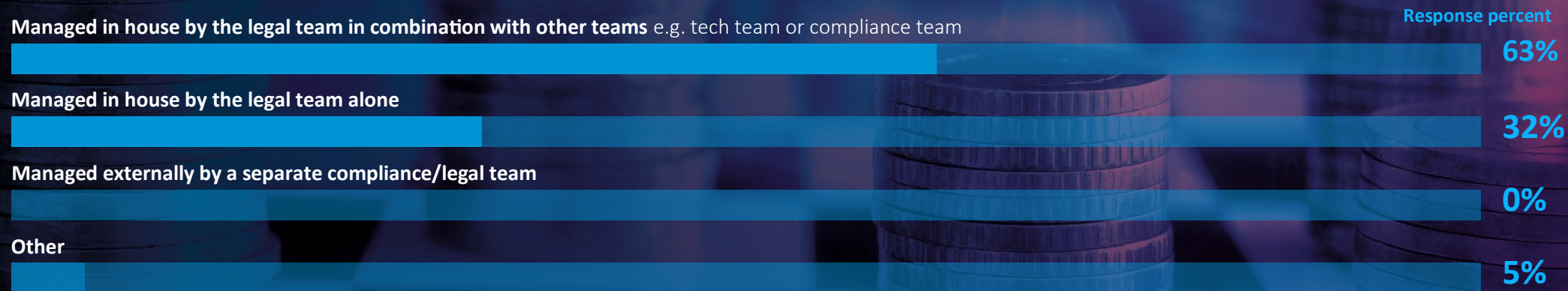
Our survey shows that, while in-house legal teams remain the primary leads on compliance, teams remain small with the majority not solely focused on compliance. Half of respondents said they had no or limited resources to manage regulatory change with 63% saying they were not planning to increase compliance budgets.

The current economic climate may have a role in in-house teams tightening their purse strings for legal compliance. However, the increase in tech regulation will necessitate greater investment by organisations.

Through the GDPR, we have seen already how failures to invest properly in compliance can cause significant financial and reputational issues for businesses.

Put in a more positive light, those that invest appropriately in digital and technology compliance are likely to find opportunities to differentiate themselves in the market.

How are you currently managing your regulatory compliance?



Local versus global approaches to compliance

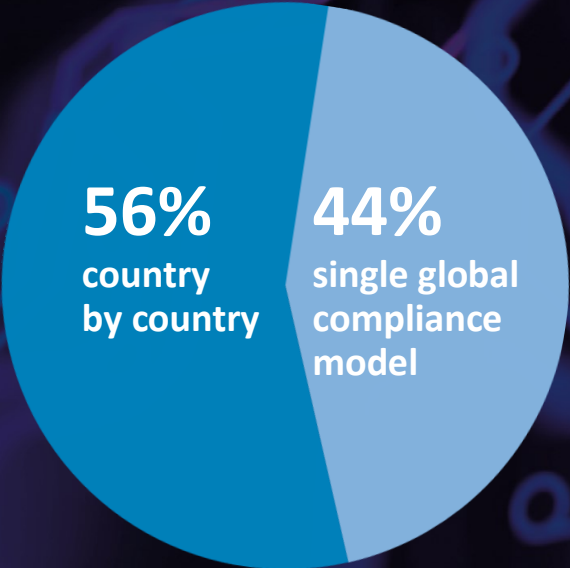
Our survey identified a close split between the approaches to compliance across markets, with a slight preference to tackling technology regulation using a single global compliance model compared to a country-by-country approach. This country-by-country tactic is usually reserved for the very largest businesses which have the size, capacity and market penetration to warrant such an approach.

Often we see companies seeking a middle ground, implementing a single compliance model based on a particular regime (usually Europe) and then adjusting to address material additional requirements in key local markets. This is seen as providing an effective way to balance the competing concerns of costs and risk.

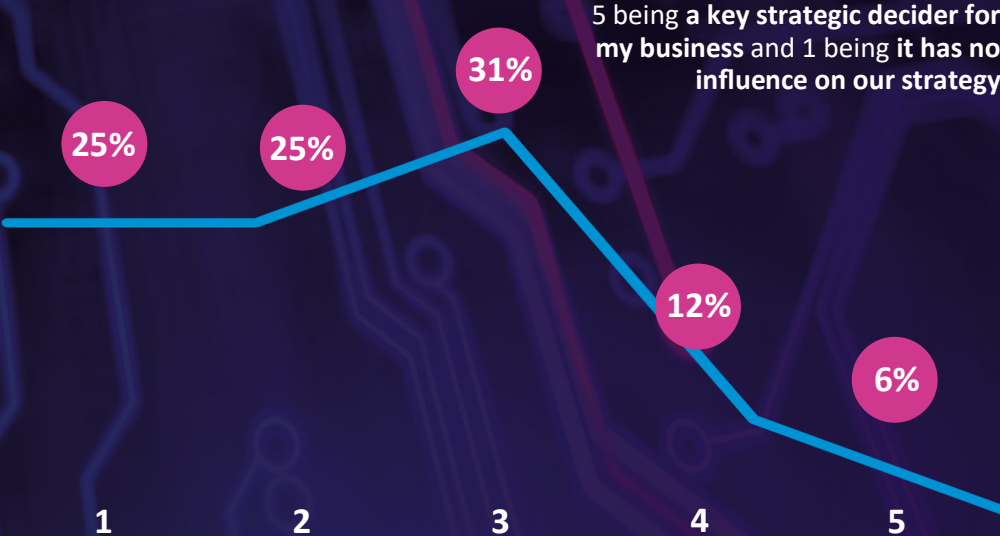
Interestingly, 18% of respondents said UK and EU technology regulation could have an impact on their strategy in the UK and/or EU and which countries they might enter.

We have seen this recently with threats from certain technology providers to leave the UK market if provisions under the Online Safety Act requiring them to break end-to-end encryption were not dropped.

How is your business approaching/will it approach compliance with technology regulations in the jurisdictions in which you operate?



On a scale of 1-5, to what extent is UK and/or EU technology regulation making your business consider your strategy in the UK and/or EU and impacting which countries you might enter?



Use of Technology to Manage Compliance

How are you tracking these changes?*



*Respondents were permitted to select multiple answers

Only a limited number of our respondents use specialist software to keep up with compliance, and half say they rely very little on technology. In our experience, while there are some standard technology products being used to manage compliance (particularly in the privacy space), there are still many organisations running their compliance using spreadsheets and across multiple systems.

As technology regulation increases, expect this to change.

As an example, online safety tools for platforms and marketplaces is a developing market which is expected to grow rapidly. Governments, such as the UK, have identified the need to support and invest in the emerging safety-tech sector.

Recent research from the UK noted that UK firms hold 25% of the market share in global safety tech. The sector has seen a 20% boost in earnings in the last year, and the UK government is providing funding to help safety tech start ups to scale their work.¹

¹ <https://www.gov.uk/government/news/uk-leads-the-world-in-providing-tech-to-keep-us-safe-online>

Compliance: burden or opportunity?

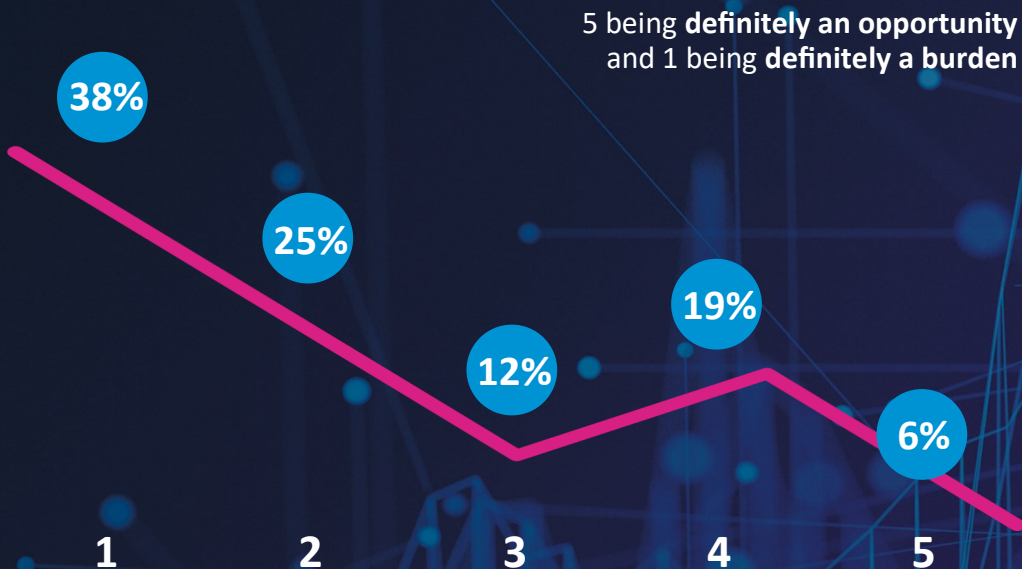
Few of our respondents said they saw the changes in regulation as an opportunity with 63% feeling the changes would be a burden for their organisations.

However, as we have seen with GDPR, new regulations can create opportunities for organisations.

Solution providers can develop tools that speed up compliance and organisations can differentiate themselves from their competitors by showing they understand and comply with the regulation. Compliant businesses are more likely to be seen as trusted brands.

In the long run, this kind of activity can instil user and investor confidence, driving value in the business.

On a scale of 1-5, to what extent do you think changes in EU and/or UK technology regulation will be an opportunity for your organisation or a further compliance burden?



The speed of change in the tech sector and regulation of the tech sector over the past ten years has been astonishing and it's only going to continue to move at a faster pace. It's imperative to keep on top of the regulatory and compliance changes because the alternative is to fall behind, put your organisation at risk, and miss out on opportunities.

Chris Macfarlane

VP, Regional Deputy General Counsel (EMEA & APAC),
Peloton General Group Counsel

Helpful resources

As the world becomes ever more reliant on technology, there is no escaping the fact that the need to protect people and organisations will result in more regulation. Even businesses that have previously been on top of the rules will need to keep adjusting and adapting as changes are made.

How Fieldfisher can help

- At Fieldfisher, our market-leading technology and regulatory teams help companies prepare for and navigate European technology regulation. Our Technology Regulation hub brings together key insights from our experts to help you understand and address the complex and evolving landscape of technology regulation. Our team comprises a broad range of relevant specialisms in all major European countries across tech, regulatory, privacy, data and more.
- Keep an eye on our horizon tracker [here](#) for an overview of the latest UK/EU tech regulation developments.
- Sign up to our quarterly technology regulation updates [here](#) for the latest legal news in technology regulation.
- Keep an eye on our [website](#) for webinars and in-person events.
- Follow us on [LinkedIn](#).
- Reach out to us at TechReg@fieldfisher.com or contact us direct using the contact details below.
- Responding to incidents in a short period of time can be overwhelming and the [Fieldfisher Data Breach Manager](#) can help with a fast and effective assessment of notifiability and a secure environment within which you can manage the incidents, with our help when needed.



Over the last few years, we've seen an increase in the volume and type of digital regulation which impacts our business. As an in house team, we rely on the expertise and pragmatism of Fieldfisher to help guide us through these new requirements.

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