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## **SATISFYING PRIVACY LAWS ONE HURDLE AT A TIME<sup>1</sup>**

Despite the gray, dreary, chilly winter drizzle that enveloped Pittsburgh, Joe Benscoter really needed his routine morning run today. As product manager for eParts Services, he was responsible for all of the corporation's IT projects. Pressure to grow the business into global markets was building, and company executives had been discussing this expansion in the near term. These leaders looked to Benscoter to ensure the company was ready for this next challenge.

eParts Services grew out of a thriving business selling heating, ventilation, and air conditioning (HVAC) parts online. Its parent company, Alps Controls, was a major player in the HVAC parts market due to its investment in its e-commerce platform, automation of order handling and invoicing, and large catalog of products. Due to their success, business partners David Meyers and Ken Siefert spun off eParts Services into its own business selling customized e-commerce portals for other companies in the HVAC industry. They made the business decision to replicate the framework, broad catalog offering, and efficiency tools of the Alpscontrols.com website for North American companies looking for a white label product portal solution. Now, eParts Services was looking to scale into European markets, but companies that used or processed personally identifiable information of European residents had to be compliant with the General Data Privacy Regulation (GDPR) or face severe penalties of up to €20MM or 4% of the company's annual turnover, whichever was greater (see Exhibit 1).

Benscoter had burned the midnight oil the previous night staring at a list of fines levied on e-commerce businesses that failed to meet compliance with GDPR laws. Benscoter was not sure if the market opportunity justified the substantial costs and resources required to make eParts Services compliant, or if it was still appealing to enter given the risk of fines for non-compliance. Compliance would be costly, either through developing new software capabilities in-house or investment into a compliance suite such as OneTrust. Was it worth the expense to lead eParts Services through the changes required to establish and maintain the compliance required to enter the European market?

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## **The Story: eParts Services and Alpscontrols.com**

In 1993, David Meyers and Ken Siefert created Alpscontrols.com to supply millions of cost competitive parts to automation contractors throughout the United States. Over the years, they had grown Alps Controls into a premier HVAC parts supplier with annual sales of more than \$55M. Alps Controls capitalized on the growing e-commerce trend through its successful website and was an extension of eParts Services which was dedicated to the e-commerce aspect of the business. eParts Services was a cloud-based e-commerce platform that enabled other companies to rapidly set up an online storefront presence.

Since its launch in 2014, eParts Services had grown from deployment and support of a single e-commerce platform to delivery and support of numerous platforms including integrations with legacy systems and punch-out procurement platforms. eParts Services employed twenty people who developed, designed, customized, engineered, and managed projects on these platforms. They transacted over \$50M in annual sales per year with an average of 4% in net fees.

Another go-to market strategy for eParts Services was the establishment of relationships with independent building automation controls contractors across the U.S. who wanted to create a new revenue stream focused on the replacement-parts market. eParts customized the framework of the Alpscontrols.com site by rebranding it for each new partner, leveraging their color scheme and logos. Due to their familial relationship, eParts Services also offered access to the 170+ manufacturers Alps Controls had in their catalog, thereby providing their customer base with access to over one hundred million parts.

## **General Data Protection Regulation (GDPR)**

The General Data Protection Regulation (EU) 2016/679 (GDPR) was a regulation in EU law adopted in April 2016 regarding data protection and privacy in the European Union (EU) and the European Economic Area (EEA) (see Exhibit 2). GDPR protected the personal data of EU citizens regardless of location, influencing the global expansion into the European markets for interested companies. The primary aim of GDPR was to enhance individuals' control and rights over their personal data and simplify the regulatory environment for international business. Under this regulation, the personal data of European citizens was protected no matter where the data was stored or processed and regardless of their citizenship or residence.

The GDPR became enforceable beginning May 2018, resulting in many companies having to prepare their businesses to meet the regulatory clauses (see Exhibit 3). As the GDPR was a regulation, not a directive, it was directly binding and applicable, but provided flexibility for certain aspects of the regulation to be adjusted by individual member states. Given its extensively vetted procedures and far-reaching impact, the regulation became a model for many nations outside the EU including the UK (United Kingdom), Turkey, Mauritius, Chile, Japan, Brazil, South Korea, Argentina, and Kenya, making compliance with the regulation a necessity for any company considering a foray into the global market.

## **Looking at Personal Identifiable Information (PII)**

The Department of Homeland and Security defined personally identifiable information (PII) as any information that permitted the identity of an individual to be directly or indirectly inferred, including any information that was linked or linkable to that individual, regardless of whether the individual was a U.S. citizen, lawful permanent resident, visitor to the U.S., or employee or contractor to the Department (Homeland Security, n.d.).

The term “PII,” as defined by the Office of Management and Budget (OMB) Memorandum M-07-1616 referred to information that could be used to distinguish or trace an individual’s identity, either alone or when combined with other personal or identifying information, that was linked or linkable to a specific individual. The definition of PII was not anchored to any single category of information or technology. Rather, it required a case-by-case assessment of the specific risk that an individual could have been identified. Organizations needed to recognize that non-PII could become PII whenever additional information was made publicly available, in any medium and from any source, that, when combined with other available information, could have been used to identify an individual (General Data Privacy Regulation , n.d.).

## **Impact of GDPR compliance on businesses**

GDPR was in place to monitor data processing by all businesses that targeted, sold to, or communicated with persons within the EU. This meant that GDPR legislation applied to businesses operating within the EU, and to businesses elsewhere in the world where persons of the EU were an intended consumer. Under GDPR, any individual who had their data collected and processed by a business entity was called a ‘data subject’.

Companies that collected personal data from data subjects were called ‘data controllers’. Companies that were employed as a third-party for processing personal data were called ‘data processors’. For example, a payroll company contracted by a data controller to process salary payments for data subjects would have been a data processor. As companies grappled with GDPR, compliance towards the data subjects by the data controllers and understanding this interaction became the lynchpin for GDPR compliance (General Data Privacy Regulation , n.d.).

## **Bringing eParts into GDPR Compliance**

From a technology perspective, compliance with the GDPR required changes to the way eParts Services developed and operated their platform. While many of the changes were simple in nature, some required significant planning, development, and maintenance.

### **Identifying Personal Data**

Protection of PII was at the core of the GDPR. This meant that many of the types of data used by eParts Services to identify European customers within their online portal service would be within scope of the regulation.

Under GDPR, a European citizen could submit a Data Subject Access Request (DSAR) forcing eParts Services to produce a report of any PII data they stored or demand its destruction. While this sounded simple, Benscoter immediately began thinking of the many places where this data might exist. It was not as simple as deleting a row in their database – they would need to investigate e-mails and system backups (Shmoosmiths, 2020). This also extended to any data that might be shared with third parties to support operations.

Authenticating the requestor proved to be another challenge. If someone used a fraudulent DSAR to obtain sensitive personal data about someone else the leak could constitute a breach under GDPR (Formiti, 2021).

Another change relating to personal data involved the length of time this data was stored. Under the GDPR, protected data must be stored for the shortest time possible. This could mean needing to develop an automated deletion functionality or limiting historical reporting based on user demographics.

## **Establishing a Privacy Policy and Requiring Customer Consent**

While it sounded simple, establishing a privacy policy required eParts Services to establish standards for their usage of customer information. An organization's privacy policy needed to define the types of personal data collected, the purpose for the data, legal justification for its collection, any third parties that may have access to it, and whether the data will be transferred to a recipient outside of the E.U. (European Union).

In addition, European residents needed to consent to any automated data processing that might occur on their personal information under the GDPR (Sobolewski, Mazur, & Paliński, 2017). This meant that if eParts Services or one of its partners wanted to use information gleaned from their customer database for marketing purposes they would need to first obtain approval. It also meant that any current European users would need to be prompted for consent or be provided the opportunity to opt out and have their information deleted.

Another change that would need to occur involved the handling of cookies on eParts Services web portals. Part of ensuring privacy involved enabling customers to opt out of any marketing or tracking cookies used on the site. This meant implementing an unsightly user dialog asking them to approve the use of cookies. Additionally, this change limited valuable visibility gained from services such as Google Analytics when users chose to opt out.

## **Limiting Access and Data Breach Notification**

Another key tenet of the GDPR was ensuring security of personal information through encryption, anonymization, and least-privilege design. This meant incurring costs associated with implementation of data encryption and changing business processes to limit which individuals at eParts Services had access to user data.

Under the GDPR, eParts Services was responsible for ensuring limited access to personal data and was required to anonymize information wherever possible. If a data breach were to occur, eParts Services would have up to 72 hours to disclose the event to the European Commission including the approximate number of records impacted and the types of data involved (European Union, 2016). Additionally, eParts Services would need to inform anyone whose data was involved in the breach without undue delay. This meant that events that may have historically been managed internally would now require public disclosure, impacting the company's bottom line and reputation.

## **Available Software Solutions**

Rather than having every organization hire lawyers and compliance consultants, the software industry developed multiple different software packages to help with the establishment and maintenance of compliance.

One solution, OneTrust Privacy, provided a comprehensive approach to compliance with a variety of different privacy regulations. Through OneTrust, eParts Services could establish and maintain compliance with not only GDPR, but also the CCPA, the Brazilian privacy regulation Lei Geral de Proteção de Dados Pessoais (LGPD), as well as hundreds of others should they choose (OneTrust, 2021).

One of the benefits of OneTrust Privacy was the identification and tracking of personally identifiable data within their system. Its features included the ability to map out data flow within the organization to simplify compliance reporting and response to DSARs. Additionally, their software automated user

authentication, and provided request forms, an automated workflow, and data discovery and redaction. Without these capabilities, Benscoter would need to hire additional staff and/or push back deliverable dates to develop these capabilities in-house.

The OneTrust solution also automated the breach notification process, assisted with the development of a compliant privacy policy, and provided private branded privacy awareness training. Of course, the convenience of OneTrust came at a significant cost. Other competitor solutions existed, such as Termly and Osano, but these software packages were either less complete or acted as a springboard for costly consulting services.

Given that eParts Services was a newer company, Benscoter knew that it would be difficult to justify the purchase of OneTrust to leadership. He would need to consider these competitor products and perform a “bake off” analyzing the total cost of each. In addition, he would need to prove that it made sense for them to develop their own proprietary solution to this issue in-house.

## **Compliance with Future Consumer Privacy Laws**

The topic of data collection and consumer privacy laws was an emerging issue for law makers as the world progressed through the digital revolution. “GDPR-free” safe havens have quickly shrunk as strict data privacy legislation appeared in more economies across the globe. Chief Information Officers and other data security executives at global organizations would soon have no choice but to adopt a cross-regulatory compliance strategy to keep up. Cross-regulatory compliance began by determining how data privacy regulations overlapped to mitigate risk and adhere to the rules set by external authorities. Since the year 2017, European nations as well as thirteen other countries had adopted some type of political reform regarding consumer data privacy laws as previously noted.

In the United States, consumer privacy was an ongoing regulation that had progressed through legislation state by state. Many states created their own policy, using the GDPR model as a starting point when drafting compliance regulations. Compliance for consumer privacy data regulation was less of a matter of “if” and more “when” for businesses in the United States operating either nationally and/or internationally.

The most active state that led regulation was California, which established the California Consumer Privacy Act (CCPA). The CCPA required a level of compliance for businesses that possessed consumer data. However, the CCPA regulations were not as stringent as the GDPR laws in Europe. Differences in compliance between the tenets of CCPA vs. GDPR were notable, and Benscoter would have to decide how he intended to proceed for eParts Services (see Exhibit 7).

## **E-commerce Platforms**

eParts Services was not alone in the e-commerce platform market. A number of competitors offered purchasing platform solutions that could be procured at a premium price. Additionally, large independent manufacturers with their own e-commerce platform created internal company-bespoke solutions in-house bespoke to the company. To make matters even more complex, standard e-commerce competitors, such as Intershop.com, were also available.

## **B2B e-commerce Market**

The use of digital channels was becoming essential for competing in the digital economy. Industrial suppliers as well as the retail sector sought to differentiate customers’ buying experiences through web portals.

Business-to-business electronic commerce (B2B) referred to the sale of goods or services between businesses via an online sales portal. Amazon was the biggest B2B retailer in the global e-commerce industry, followed by Alibaba, Rakuten, IBM, SAP Hybris, Oracle, India MART, Walmart, Mercateo, Magento (Adobe), Global Sources, and NetSuite. The global B2B market size was projected to reach \$13,630 million by 2027, from \$7,659.4 million in 2020, at a CAGR of 8.5% during 2021-2027. Asia-Pacific had 69% of the market share, with North America only accounting for about 15% of the market share (See Exhibit 4) (Precision Reports, 2021).

## **The HVAC Market**

Given its roots, eParts Services operated in a niche market, specializing in the HVAC industry. While eParts Services would customize its web portals for other industries, over 95% of their customers operated in the HVAC industry – in part due to the large catalog of parts that were offered. They were evaluating many new opportunities across the globe to capitalize on a significantly growing total addressable HVAC market.

HVAC equipment consisted of indoor comfort technology which provided thermal comfort and appropriate indoor air quality. It was a critical part of various residential structures which included residential and commercial buildings, medium to large industrial and office buildings, and marine environments, where safe and healthy building conditions with needs for regulation of air quality, temperature, and humidity were required.

The global HVAC equipment market was valued at USD 98.76 billion in 2020 and was expected to reach USD 144.24 billion by 2026, registering a CAGR of 7.5% (see Exhibit 5). Europe represented a large portion of that market, forecasted to reach \$78 billion by 2025 according to Arizton (Arizton, 2020).

The HVAC equipment market was quite competitive and was primarily controlled by a few significant players, including Daikin Industries Ltd., Johnson Controls - Hitachi Air Conditioning Company, and Honeywell International, Inc (see Exhibit 6). Further, a sizable portion of companies started offering HVAC systems with higher energy efficiency and green technology compatible with various smart devices.

## **Competition in HVAC e-commerce**

Few industries featured products that were as complex as those offered by the HVAC industry. Each building automation system comprised an array of devices from multiple manufacturers and diverse product specifications, complicating the identification and distribution of products to contractors and other buyers in the B2B marketplace. Historically, HVAC wholesalers leveraged their brick-and-mortar presence in key geographical markets to provide replacement parts to their contractors daily. To meet this demand, HVAC wholesalers traditionally focused on providing value by carrying substantial amounts of inventory to meet the needs of their customers. However, managing sufficient inventory levels had proved problematic.

Across a wide range of industries, e-commerce was playing a larger role in the B2B experience. With many contractors embracing e-commerce to procure their everyday parts, HVAC wholesalers found challenges achieving targeted business outcomes without an online presence. However, most HVAC wholesalers had not heavily invested in moving into e-commerce. The cumulative result had been a lackluster e-commerce program with flat HTML product pages and other elements that failed to meet the expectations of its buyers, many of whom had come to expect much more from the online experiences

offered by organizations. Industry experts anticipated that e-commerce would play an increasingly larger role in the HVAC industry. To compete, wholesalers needed to improve the quality of their e-commerce experience and online product content to match firms that sell directly to consumers, or risk losing both revenue and market share in the B2B marketplace (Contracting Business, 2012).

eParts Services served a small niche market in the HVAC product industry, making their direct competitors difficult to find. Every e-commerce service platform could be considered a competitor, however, the product offering and back-end service provided by eParts Services set them apart. The out-of-the-box model designed by eParts Services eliminated the cumbersome process of building an e-commerce website, dramatically reducing time and labor costs.

There were several websites that had robust product offerings for HVAC equipment such as Johnson Controls and American Standard Heating & Cooling. While these sites had similar product offerings, they did not provide businesses with the proper customization, reporting, and digital marketing tools. They were a traditional provider of HVAC parts that sold directly to both businesses and consumers.

Jagger, a digital procurement and software solutions company, was an indirect competitor that provided customers with the ability to build out a customized procurement platform for their businesses. The company was started in 1995 by a group of four young friends who, understanding the enormous business potential of technology for procurement, had the revolutionary idea of throwing out physical product catalogs and putting all the information online. They envisioned a virtual distributorship that would do away with rooms full of catalogs, and shortly started the company under the name SciQuest. The company was rebranded as Jagger in 2017 after acquiring several smaller competitors with distinct competitive advantages in efforts to become the one stop shop for customers looking to design a digital procurement platform. While offering similar website construction services (Jagger, 2021), Jagger built platforms in a variety of different industries. However, they lacked access to the depth of products available in the eParts Services catalog specific to the HVAC industry. While there was the potential of adding all the products offered by eParts Services, the time and labor necessary to accomplish the task made it economically unfeasible for Jagger and its customers alike.

Companies such as Intershop.com and Shopify.com offered similar web service hosting platforms which allowed contractors to sell products directly to end users. These companies found their competitive advantage in the personalization of websites and backend reporting functions. A major selling point for Intershop and Shopify was the comprehensive built-in analytics tools to aid their customers in better understanding and analyzing incoming data. They prided themselves on personalization, trustworthy solutions, innovative technology, and the ability to scale quickly to gain a competitive edge. Additionally, they offered their customers the ability to operate internationally as both became GDPR compliant in May of 2018. While these platforms offered many of the same features as eParts Services, a key difference was the extensive built-in catalog of products for HVAC industry specific parts provided by eParts Services. The products would need to be built into the platform and with over a million products in the eParts catalog that would be a costly and time-consuming process for the business as well as the customer.

## Vision

With most of eParts Services' revenue coming from its sister company Alps Controls, the executive team at eParts Services knew they needed to diversify their revenue streams moving forward. They decided to grow their market presence by moving into an untapped HVAC market, thereby bringing more manufacturers and contracting companies into e-commerce. There was certainly an opportunity to proactively position eParts Services as the leading B2B e-commerce platform provider in the building automation industry by becoming compliant with strict privacy laws. eParts Services knew the certification discussions were bound to come up at key accounts they were targeting across the globe.

They also knew that compliance with new privacy laws would give them a distinct advantage over their competitors.

Over the next five years, eParts Services planned to scale their business by going from a transactional-based approach to a PaaS (Platform as a Service) model (Exhibit 8). Historically, eParts Services had not been able to scale their business due to limited resources, most importantly people, primarily due to budget. The PaaS model rolled out in the summer of 2021 would afford eParts Services the opportunity to bring in revenue immediately after the contract was signed. They would have a standard platform set up fee of \$10K USD which covered their costs to customize the e-commerce platform to fit their clients' needs. Furthermore, they would have recurring monthly fees based on the number of annual transactions completed by their client. This would be a new move towards securing revenue from their clients where in the past they only realized revenue on each transaction. They desired to entice their clients to focus on driving business through their investment.

## The Decision

Benscoter contemplated his option as he sat at his desk after his brisk morning run. eParts Services faced the reality that their customers needed the ability to sell in global markets. The B2B market was rapidly growing, with North American companies getting to the foray to establish themselves and capture market share globally. HVAC wholesalers were now embracing e-commerce platforms to target consumers directly with enhanced customer experiences to meet their expanding business goals.

eParts Services had a leg up on its competitors with several unique features to leverage. They were still contemplating expanding globally. Were they ready? Other HVAC e-commerce companies offered similar equipment, but it was really eParts' catalog, customization, reporting, and digital marketing in infrastructure that would set them apart. Benscoter thought about his options when considering how eParts should proceed. The HVAC market size was expected to grow significantly over the next decade. The PaaS model would afford them the opportunity to scale their business and add strategic resources as needed.

But would the expansion put the company at risk of incurring multimillion dollar fines that the company absolutely could not afford? Choosing a costly infrastructure upgrade to be able to fully support its global customers would certainly help to capture new clientele and was necessary to even be able to enter the EU markets, but these requirements were not necessary in the US and only California was currently enforcing regulations around PII. There were several solutions available but was the risk of potential non-compliance by using a fiscally more conservative but less vetted compliance product the best approach for eParts Services to take?

Benscoter realized that there were four different routes they could adapt. Specifically, they could:

- 1) Purchase and implement OneTrust Privacy to help audit and automate compliance. That would involve staff training, implementation costs and an annual licensing fee. This solution would enable them to process European customers and was developed by experts in GDPR. In addition, OneTrust Privacy would enable compliance with a variety of regulations (should they choose), thus providing futureproofing and enabling developers to focus on product enhancement instead of developing these capabilities in-house.
- 2) They could defer expansion into the global market due to the cost of regulation and potential regulatory fines. The opportunity costs and the limited customer base, should they go this path,



were factors to be considered even though it would reduce the risk of GDPR fine. On the other hand, eParts Services operational costs would be reduced as no compliance overhead would be needed and they would not be exposed to requirements for breach notification if one were to happen.

- 3) Another path would be to focus on compliance with only United States privacy regulations, thus limiting market opportunity. This option would enable privacy compliance that their current customers were subject to, and the compliance costs would be minimized.
- 4) They could re-develop the current eParts services software platform internally. This would require eParts to build its own capabilities to enable GDPR compliance. That said, the solution would be custom-tailored to their needs which might help reduce operational overhead associated with a product like OneTrust Privacy that would be “bolted-on”. Unfortunately, this would mean that they’d need to interpret the laws rather than use a product developed by specialists in GDPR and privacy regulation.

The executive team would be waiting in the boardroom shortly to hear the future of eParts Services, much of which depended on the viability of expansion into Europe. It was time to make the call that would define the company’s future.

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## Biographies



Josh Felperin is the Global Sales Director at Alpscontrols.com. Previously he was with Siemens in multiple roles in the HVAC industry. He has over 20 years of experience in sales strategy, marketing, and brand management. Josh received a bachelor's degree in Biological Sciences from Southern Illinois University at Carbondale in 2002. He is completing his Executive MBA at the University of South Florida.



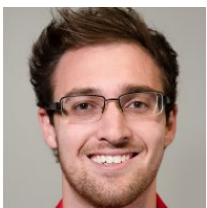
Amarela Peqini, Finance and Operations Manager at the InterCultural Advocacy Institute, a not-for-profit organization assisting immigrants to adapt to the mainstream of community life in the United States. Previously, she was the Head of Small Business Department at Intesa Sanpaolo Bank Albania, an Italian international banking group. Amarela received her bachelor's degrees in Tourism Management at University of Tirana in Albania in 2003 and Business Administration at the and University of Bologna, Italy in 2007. She is completing her Executive MBA at the University of South Florida.



Michael Melone is a cybersecurity professional with over 18 years of IT experience, including 7 years of performing targeted attack incident response. Currently, Michael works for Microsoft, helping large enterprise customers operationalize cybersecurity products and trains customers to respond to advanced human adversary scenarios. Michael holds a Master of Science in information assurance and security as well as multiple industry certifications, and is finishing his Executive MBA at USF. He is the author of the books "Designing Secure Systems" and "Think Like a Hacker".



Asmita Mishra is an Associate Member at the Moffitt Cancer Center's Department of BMT and Cellular Immunotherapy and an Associate Professor of Medicine and Oncology at the Morsani College of Medicine. She is an affiliate member of the USF Women's and Gender Studies Department and is certified by the American Board of Internal Medicine, the American Board of Internal Medicine-Hematology and the American Board of Internal Medicine-Medical Oncology. Dr. Mishra earned a medical degree from St. George's University, Grenada, in 2007 and a bachelor's degree in psychology from New York University in 2002 and is currently completing her Executive MBA at the University of South Florida.



Leo P. Rogers III is the Academy Operations Manager for the United Soccer League (USL) headquartered in Tampa, Florida. He oversees a nationwide league providing vertical integration pathways between a diverse network of youth and professional clubs. He has over ten years of experience working in professional sports with teams including the Kansas City Chiefs, Tampa Bay Buccaneers, Tampa Bay Lightning, Sacramento Kings, San Antonio Commanders, and the Tampa Bay Vipers. Rogers received a bachelor's degree in sports management from the University of Kansas in 2012 and is completing his Executive MBA at the University of South Florida.

## Exhibit 1: Repercussions of GDPR Noncompliance

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### Bigger Responsibility, Bigger Repercussions



Source: [EU General Data Protection Regulation Compliance - GDPR | OneLogin](#)

# Exhibit 2: Checklist for GDPR Compliance

## Checklist for GDPR Compliance

<p><b>1</b> <b>Awareness and Communication</b> Ensure your employees understand GDPR and communicate with service and staff about why you are collecting the data.</p>	<p><b>2</b> <b>Analysis of Personal Data</b> Analyze a list of all sensitive data you store and process</p>
<p><b>3</b> <b>Review Procedures</b> Have a suitable privacy policy in place and review it regularly</p>	<p><b>4</b> <b>Access Rights</b> List what access rights should be granted and how changes should be handled</p>
<p><b>5</b> <b>Customer Consent</b> Ensure your customers consent to you processing their data</p>	<p><b>6</b> <b>Data Breaches</b> Implement a procedure for handling data breaches</p>
<p><b>7</b> <b>Impact assessments</b> Carry out a data protection impact assessment</p>	<p><b>8</b> <b>Data Protection Officers (DPO's)</b> Determine whether you need a Data Protection Officer (DPO)</p>

Source: [Checklist for General Data Protection Regulation \(GDPR\) Compliance \(lepide.com\)](https://www.lepide.com/gdpr-checklist/)

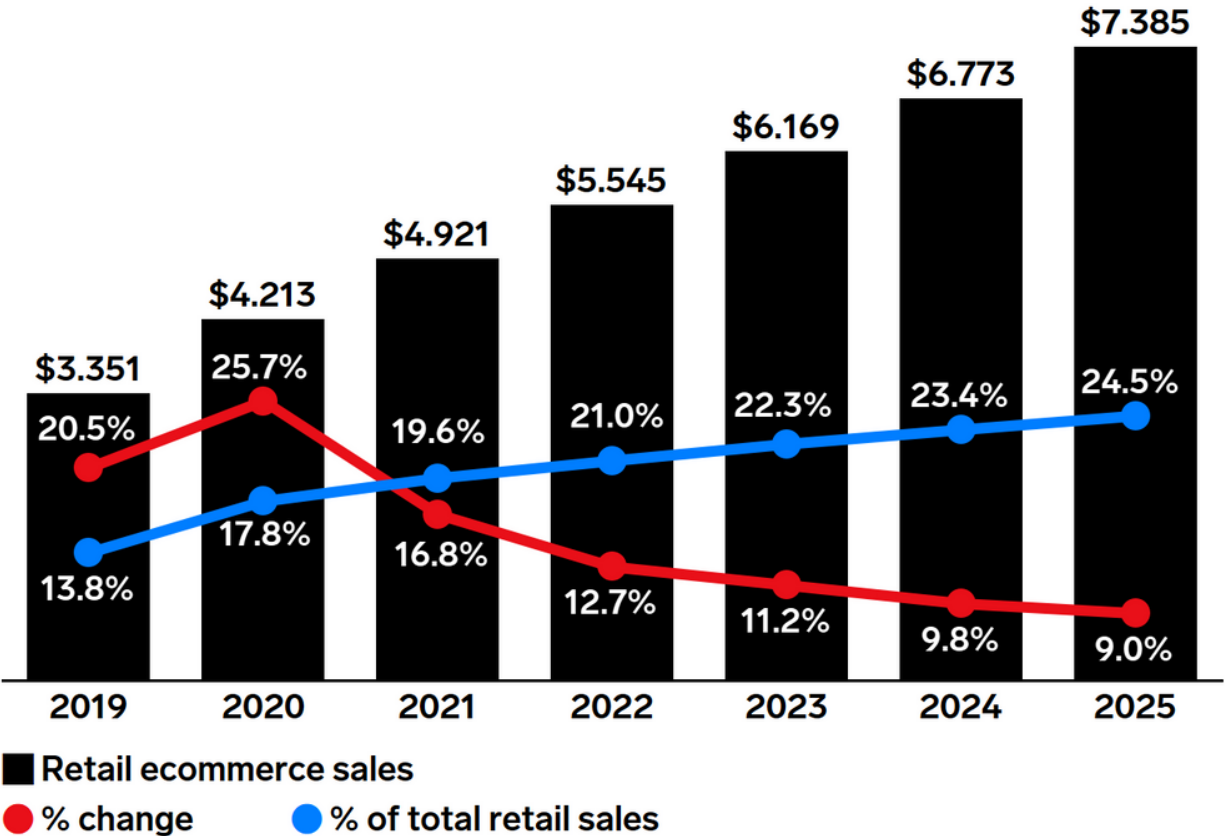
### Exhibit 3: Details of Global HVAC Market



Source: [HVAC Market | Industry Revenue Estimation, 2030 \(psmarketresearch.com\)](https://www.psmarketresearch.com)

Exhibit 4: Retail Ecommerce Sales Worldwide

**Retail Ecommerce Sales Worldwide, 2019-2025**  
*trillions, % change, and % of total retail sales*



*Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales*

*Source: eMarketer, May 2021*

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eMarketer | InsiderIntelligence.com

Source: [Global Ecommerce Forecast 2021 - Insider Intelligence Trends, Forecasts & Statistics \(emarketer.com\)](https://www.emarketer.com)

## Exhibit 5: Growth Rate of HVAC Services Market

- The U.S. Energy Information Administration’s (EIA) 2015 Residential Energy Consumption Survey (RECS) estimates that 76 million primary occupied U.S. homes (64% of the total) use central air-conditioning equipment, and about 13 million homes (11%) use heat pumps for heating or cooling, and by 2023, all new residential central air-conditioning and air-source heat pump systems sold in the United States will be required to meet new energy efficiency standards, thus fueling the growth of the HVAC services.
- According to IEA, in the United States, more than 90% of households have air conditioning equipment, compared to just 8% of the 2.8 billion people living in the hottest parts of the world. The growing use of air conditioners in homes and offices around U.S. will be one of the top drivers stressing the need for the HVAC services in the region.

Global HVAC Services Market - Growth Rate by Geography (2021 - 2026)



Source: [HVAC Services Market | 2021 - 26 | Industry Share, Size, Growth - Mordor Intelligence](#)



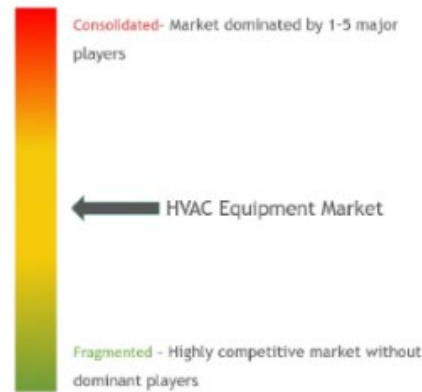
## Exhibit 6: Market Concentration HVAC Equipment Market

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### Major Players

- 1 Daikin Industries Ltd.
- 2 Johnson Controls - Hitachi Air Conditioning Company
- 3 LG Electronics, Inc.
- 4 Mitsubishi Electric Trane HVAC US LLC
- 5 Honeywell International, Inc.

### Market Concentration



Source: Mordor Intelligence



### Recent Developments

- November 2020 - Daikin Industries Ltd signed a MOU (memorandum of understanding) with Singapore Power Group to establish a joint venture to realize district-level centralized cooling system for Tengah Town( smart energy town project). The company's energy-saving air conditioners and far advanced systems were adopted for the project based on the technology and experience that the company has cultivated.
- January 2020 - LG Air Conditioning Technologies USA announced the installation of its HVAC technologies in The Ebell of Los Angeles, a performance art facility located in Los Angeles, and The Lido Hous, a high-end property located in California. The company said that its Variable Refrigerant Flow (VRF) technology and ducted and duct-free solutions

Source: [HVAC Services Market | 2021 - 26 | Industry Share, Size, Growth - Mordor Intelligence](#)

**Exhibit 7: Comparison of GDPR Compliance vs. CCPA Compliance**

	GDPR	CCPA
<b>To whom the law refers</b>	Data subject	Consumer
<b>Definition of personal data</b>	Any information that can identify a natural person.	The same as the GDPR, but adds information regarding the person as a householder.
<b>Territorial scope</b>	Controllers and processors established in the European Union, as well as those not established in the European Union but that process personal data regarding people who live inside the Union.	Companies doing business in the State of California (and satisfying well-defined thresholds).
<b>User’s rights</b>	Rights of access, to rectification, to erasure, to restriction, to data portability, to object and not to be subject to automated individual decision-making.	The rights to access, to erasure, and to data portability are much the same as in the GDPR. Moreover, the CCPA establishes a right to opt-out.
<b>Penalties paid to government</b>	Administrative fines can reach €20 million or be up to 4% of annual turnover.	Administrative fines can reach up to \$7,500 for each violation, if intentional (in any case, a company is allowed a 30-day period to cure any alleged violation). “Each violation” can be interpreted as “per consumer’s profile” whose data has been violated.
<b>Penalties paid to data subjects</b>	The GDPR establishes private rights of action for the data subject to recover damages caused by data controllers or processors in violating the data protection regulation.	In case of data breach or data theft, the CCPA provides consumers with a private right of action in order to recover damages incurred as a consequence of violation of their rights in an amount ranging from \$100 to \$750 per consumer and incident (however, companies are granted the same 30-day period to cure violations).

*Main differences between GDPR and CCPA*

Source: [GDPR vs CCPA: What are the main differences? \(advisera.com\)](#) Exhibit 8: PaaS Standard Pricing Framework

## Exhibit 8: eParts Services PaaS Pricing Framework

eParts Services LLC PaaS Standard Pricing Framework USA (as at June 15th 2021)					
INITIAL   ONE TIME   SET UP FEES	STANDARD PLATFORM   DATABASE SET UP. (with licensee's branding + marketing content + training labor + Alps Controls sourced product data and pricing).	Typically \$10,000			
	PRE LAUNCH CUSTOMIZATION & INTEGRATION. (i.e. new functionality and/or integration with other systems such as accounting and/or ERP. Includes functional specification development and architecting, coding, testing and deployment).	Based on development hours required.	@ \$150/hour average.		
	CATALOG SET UP. (for newly added manufacturers + newly created product categories and product subtypes includes graphic icon creation & deployment).	Based on scope and complexity of additional catalog additions.	Typically \$100 each category or product type.	Typically \$100 ea. Mfr. or \$250 with standard configurators. More complex configurators etc. to be quoted.	
	LICENSEE TRAINING. (travel and accommodation etc. costs only as training labor included in set up fee).	At actual cost.			
RECURRING   POST SET UP FEES	MONTHLY SUBSCRIPTION. (incl. unlimited seats and customers   includes standard upgrades   includes licensee support via phone, text & email during normal office hours   fee based on number of PO's transacted and scope of works   excludes URL + SSL fees   excludes CC transaction fees   excludes credit risk, collections and cash flow funding   includes US local sales tax computation but excludes sales tax collection, filing and paying   excludes end customer service and tech support   <u>excludes SEO + traffic and demand creation</u> ,   excludes catalog management).	\$3,000 / month (Up to annualized rate of 2,000 PO's / year).	\$4,000 / month (2,001 - 3,000 PO's annualized rate).	\$4,500 / month (3,001 - 4,000 PO's annualized rate).	\$5,000 / month (4,001 - 5,000 PO's annualized rate). Higher Volumes to be quoted.
	CUSTOMER FACING SUPPORT. (Pre and post order placement.   During EST normal office hours).	Calculated based on estimated number of CSR events / 100 PO's and average minutes per event. Subject to periodic review of actual vs. estimated.	@ \$40 / hour.		
	POST-LAUNCH CUSTOMISATION & INTEGRATION. (e.g. post launch custom features   enhancements   integrations).		@ \$150 /hour average.		
	MARKETING CONTENT UPDATES. (e.g. deploy banner Ads, features etc.).		\$250 / item created and deployed by eParts or \$100/ each for deployment of banners created by others.		
	CATALOG MAINTENANCE. (based on number of 'core' SKUs   assumes co-operative, responsive vendors and 'normal' levels of catalog number nomenclature structure & complexity   assumes 'normal' frequency of price and/or product changes).	Typically 75 cents   SKU   year < 5k SKUs.	Typically 50 cents   SKU   year > 5,000 SKUs.	Typically 38 cents   SKU   year >10,000 SKUs.	Typically 25 cents   SKU   year > 15,000 SKUs. Larger catalog databases subject to quote.

Source: eParts Services, LLC