

2016

Risk:Value

Report

COST OF SECURITY BREACHES TO BUSINESSES IN THE UK

While 48% of UK business decision makers say information security is ‘vital’ to their organisation and just half agree it is ‘good practice’, a fifth admit that poor information security is the single greatest risk to the business. The Risk:Value report, which surveyed business decision makers in the UK, highlights the anticipated cost to the business.

57%

Well over half (57%) agree that their organisation will suffer a data breach at some point, while a third disagree and one in ten say they do not know.

Effects of a Security Breach

The most likely internal effects are:

- ❶ Introduction of stricter security procedures (54%)
- ❷ Disciplinary action against employees (47%)
- ❸ Increase in workloads to fix issues and ensure it doesn't happen again (45%)
- ❹ Loss of employee motivation (41%)
- ❺ Potential resignation of a senior business decision maker (34%)
- ❻ Staff losses (to join other companies/competitors) (33%)

The most likely external effects are:

- ❶ Loss of customer confidence (66%)
- ❷ Damage to reputation (57%)
- ❸ Financial penalty from sector body or government (50%)
- ❹ Direct financial loss (41%)
- ❺ Loss of shareholder value/share price (39%)

8 WEEKS

67% of respondents say it would take their organisation longer than one week to recover from a security breach. On average, it would take an organisation around eight weeks to recover.

Cost of Losing Information

On average, respondents estimate it would cost their organisation around

£1,200,000

to recover if they lost information during a security breach.

Revenue Loss

-13%

There is also likely to be a significant revenue loss if organisations suffer an information security breach. 75% feel their organisation's revenue would decrease if they had an information security breach. The average anticipated drop is 13%.

Remediation Costs

There are also additional remediation costs to consider, and the total cost of a security breach is likely to be split in various ways. Remediation costs include:

- Legal costs (18%)
- Fines or compliance costs (18%)
- Compensation to customers (17%)
- PR and communications costs (14%)
- Compensation to suppliers (12%)

Insurance Cover

Despite the financial loss at stake, the majority of organisations are not fully covered financially and remain liable to cover these costs:

45%

- ❶ 45% report their organisation has some kind of insurance to cover for the financial impact of data loss and a security breach
- ❷ 9% are not covered for either
- ❸ 26% of respondents say their organisation has a dedicated cyber security insurance policy (with 38% in the process of getting one)

Organisations with insurance cover for the financial impact of data loss and a security breach reported the cover would include the following aspects:

- Loss of business (45%)
- Regulatory fines (42%)
- Legal costs (38%)

However, they reported their insurance cover could be invalidated due to:

- ❶ Lack of compliance (46%)
- ❷ Lack of an incidence response plan (38%)
- ❸ Poor physical security (37%)

An Executive Summary on the report can be downloaded at: www.nttcomsecurity.com/en/riskvalue

Methodology

NTT Com Security commissioned Vanson Bourne to conduct an independent survey of 1,000 business decisions makers (not in the IT department) in organisations in the UK as well as the US and Germany (200 in each), and France, Sweden, Norway and Switzerland (100 in each) during October/November 2015. Respondents' organisations had more than 500 employees, but those in Norway, Sweden and Switzerland could come from organisations with at least 250 employees. There were a minimum number of responses from the financial services sector (at least 50 in UK, US, France & Germany) and a minimum of 30 in the other countries.

About NTT Com Security

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