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Connect to Protect

SESSION ID: GRC-T11

Partnership with a CFO: On the Front Line of Cybersecurity

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CSO and GC
Viewpost
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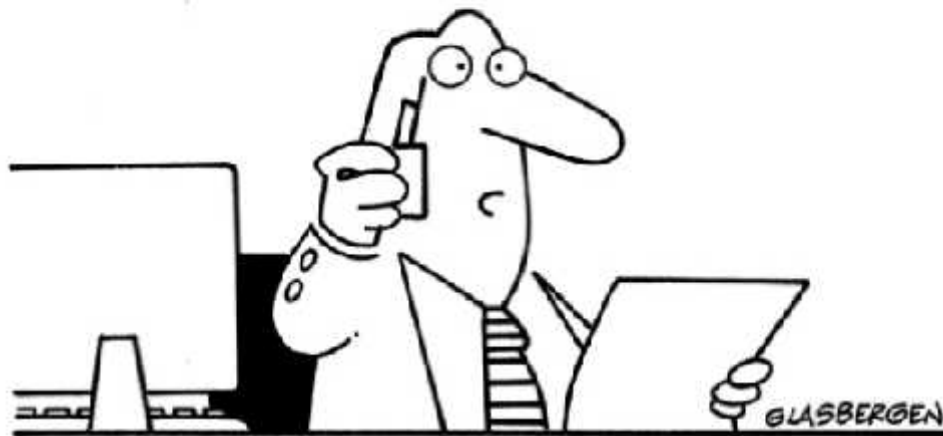
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Setting the Stage
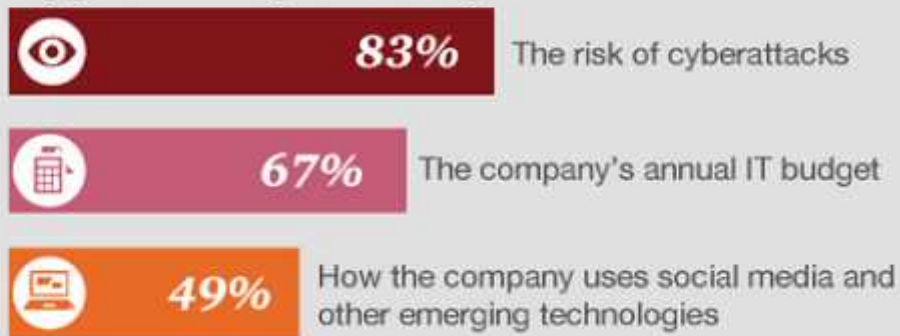
Setting the Stage

Key findings

▸ About two-thirds of CFOs are either highly concerned or concerned about a cyberattack.

Ernst & Young: Americas March 2014 CFO: need to know insights for CFOs

enRaged?

Directors are more engaged with a number of IT issues

Directors who say their board is at least "moderately" engaged in overseeing/understanding:

👁	**83%**	The risk of cyberattacks
🧮	**67%**	The company's annual IT budget
💻	**49%**	How the company uses social media and other emerging technologies

PwC's 2015 Annual Corporate Directors Survey

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Setting the Stage

"Many CFOs know that they need to spend more on cyber risk management. But they don't know where to focus their efforts, because the technologists trying to tell them are blinding them with science."

Ernst & Young: Partnering for performance Part 3: the CFO and the CIO

Ken Allan, Global Cybersecurity Leader, EY

Setting the Stage

- 4 Key Areas:
  - Understanding Drivers
  - Educating Partners
  - Compelling Arguments
  - Governance & Team

Understanding Drivers

Understanding the Drivers

- **CFO Goals:**
  - Business Opportunities
  - Generate Profit
  - Business Predictability
  - Board & Investor Relations
  - Funding/Capital Raises
- **CSO/CISO Goals:**
  - Not in the News
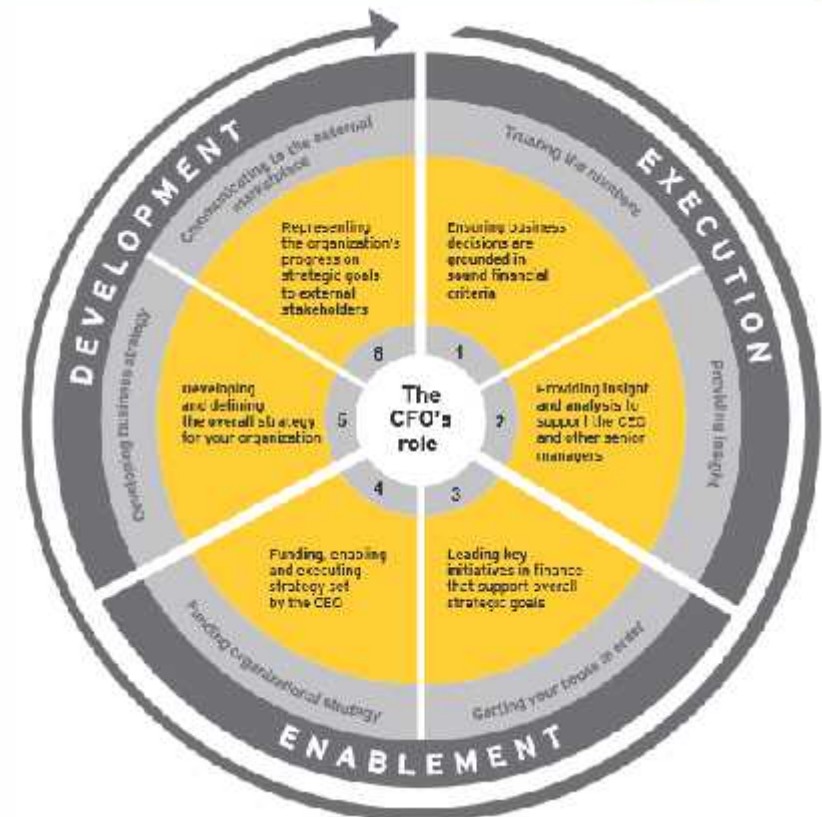 - Reduce Risk/Keep Safe
  - Business Enabler

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Understanding the Drivers

- **Execution:**
  - Trusting the Numbers
  - Making them Confess

- **Enablement:**
  - House in Order
  - Funding the Strategy

- **Development:**
  - Defining the Strategy
  - Telling the Story

Understanding the Drivers

- Risk Reduction
  - Frequency
  - Severity
  - Likelihood
- Metrics to Illustrate
- Customer Trust
- Ignoring the 0.1% Risks

Risk

The possibility of loss or h
exposure to a chance of d
involving uncertain dange
creates or suggests a haz
the degree of probability

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Educating Partners

Educating Partners: News

- Cybersecurity Incidents:
  - Your Sector
  - Nationwide

- Risk Management Data

- Risk Data from Insurers

- Financial/GAAP Publications

Target CFO Testifying before Congress in 2015

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Educating Partners: Technology

- Focus on Consumer Tech
- Focus on Impact not Tech
  - Risk not Security (directly)
  - Bring back to Business
- Transition to Company

Educating Partners: Board/Executives

Cybersecurity: a business and boardroom priority

By now, corporate boards have woken up to the call that they must address cybersecurity issues on their front lines, as it is not just an Information Technology (IT) issue. In fact, cyber risks are an enterprise-wide risk management issue.

SEC Commissioner Luis Aguilar's 2014 speech,[2] during which he urged boards to sharpen their focus on cyber risks, rings even more true today and serves as a warning for the future:

"…boards that choose to ignore, or minimize, the importance of cybersecurity oversight responsibility, do so at their own peril."

KPMG: Connecting the dots: A proactive approach to cybersecurity oversight in the boardroom

- Intense Board Attention

- Reputational Impact Differs

- Credibility is a Business Value
  - SEC Oversight
  - Shareholder Derivative Suits

Compelling Arguments

Compelling Arguments: What works?

- Financial Arguments?
  - Cost Savings
  - Risk Details

- Security Studies/Risk Studies?
  - Breach Costs
  - Cybercrime Costs
  - Litigation Costs

- Evidence of Current/Past Issues?
  - Tied to Past Control Costs

IBM

Global and country-specific averages show that the cost of a data breach is on the rise.

Cost per record*

Global average	Highest countries	Lowest countries
$154	$217 in the US	$78 in Brazil
12% increase over two years	$211 in Germany	$56 in India

Cost per incident*

Global average	Highest countries	Lowest countries
$3.8M	$6.5M in the US	$1.8M in Brazil
23% increase over two years	$4.9M in Germany	$1.5M in India

*Currencies converted to US dollars

Compelling Arguments: What works?

- Tying Controls to Business Goals?

- Shifting CapEx to OpEx (from Balance Sheet)?

- Streamlining Efficiencies?

- Current News?

- Fear Mongering?

Compelling Arguments: What works?

Compelling Arguments: Hypothetical

Great ™

- MDM Management & Encryption

- Average Cost of Data Breach in U.S. $154 yr./record

- Average Number of Records on Devices – 1,000

- Costs of Encryption and MDM per device is $250/yr. per device

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Governance & Team

Governance & Team: Risks, Options

- How do you Communicate the Risk?

- Tracking Results

- Ensuring Controls and Budget Solve for Meaningful Business

- Tie Business Wins to Team Efforts

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Now What? Application

Time to Apply!

Start Now	Weeks & Months Ahead	Within One Year
Collecting Newsworthy Articles	Business Goals, Priorities, and Opportunities for Cyber through Business Evolution	Tie budget to true risks that have surfaced recently – especially among competitors
Reviewing Consulting, Board, GAAP, NACD, and Financial Guidance Materials (KPMG, EY, PwC, and Deloitte)	Review and Track Monetary Research (Ponemon, Gartner, Data Breach)	Transition budget from CapEx to OpEx models where possible and show 3-5 yr. cost savings
Personal technologies to latch onto in terms of risk or business advantage	Options for Enterprise Risk Management partnerships or committees	Getting Board and Executive Management Interest and create business value
Research your CFO, Board members, other Execs	Meet with the CFO when you do not need anything	Seek financial learning opportunities; help CFO

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Thanks & Contact

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