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Why does cyber tech so often fail? Addressing the Cybersecurity “Market for Lemons”

TRANSFORM



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Cybersecurity still isn't working ...

Cybersecurity
spending keeps
rising

↑ 56%

to \$169 billion in the last
5 years

Source: Gartner

Attacks are more and
more frequent

↑ 67%

in the last 5 years

Source: Accenture

And the damage
they cause is only
getting worse

On average

\$18m

per organization in
2018

Source: Accenture



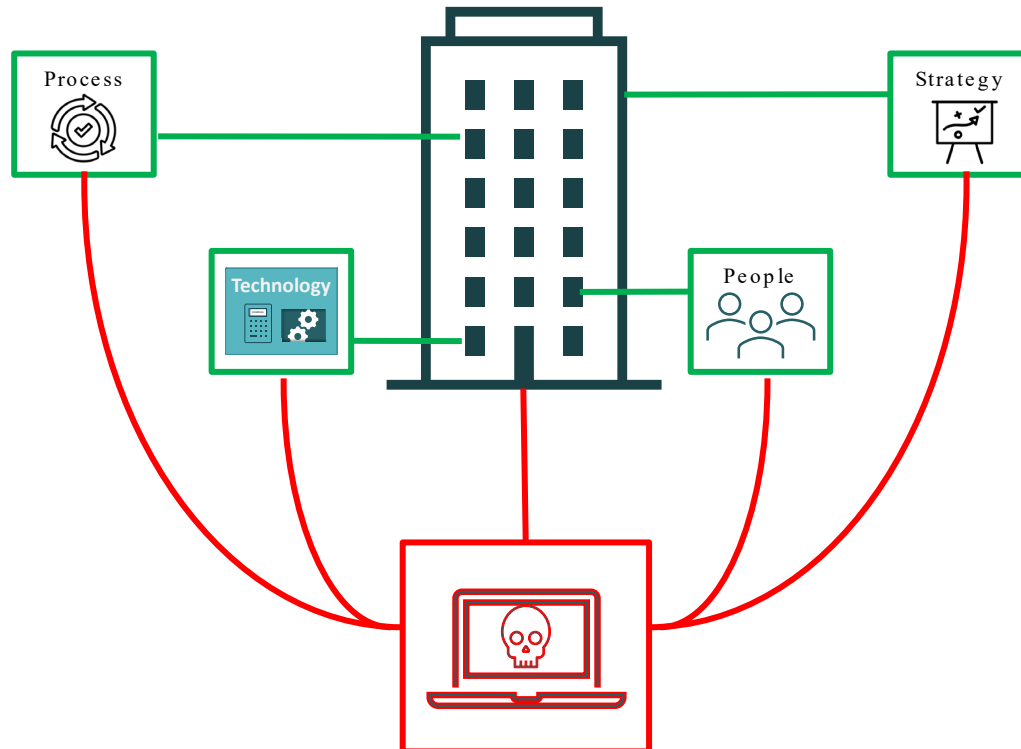
Customers being robbed is becoming normal. Everybody suffers
ransomware now; it is also normal. The risk has been accepted.



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...as the technology, amongst other factors,
isn't performing to the standard required

Cybersecurity efficacy is dependent on
the balance of enterprise defensive and
attacker offensive capabilities



- It is commonly understood that enterprises face challenges with strategy (what to defend and how to defend), process (operational demands of cybersecurity) and people (lack of knowledge, poor behaviours and the “talent gap”)

HOWEVER

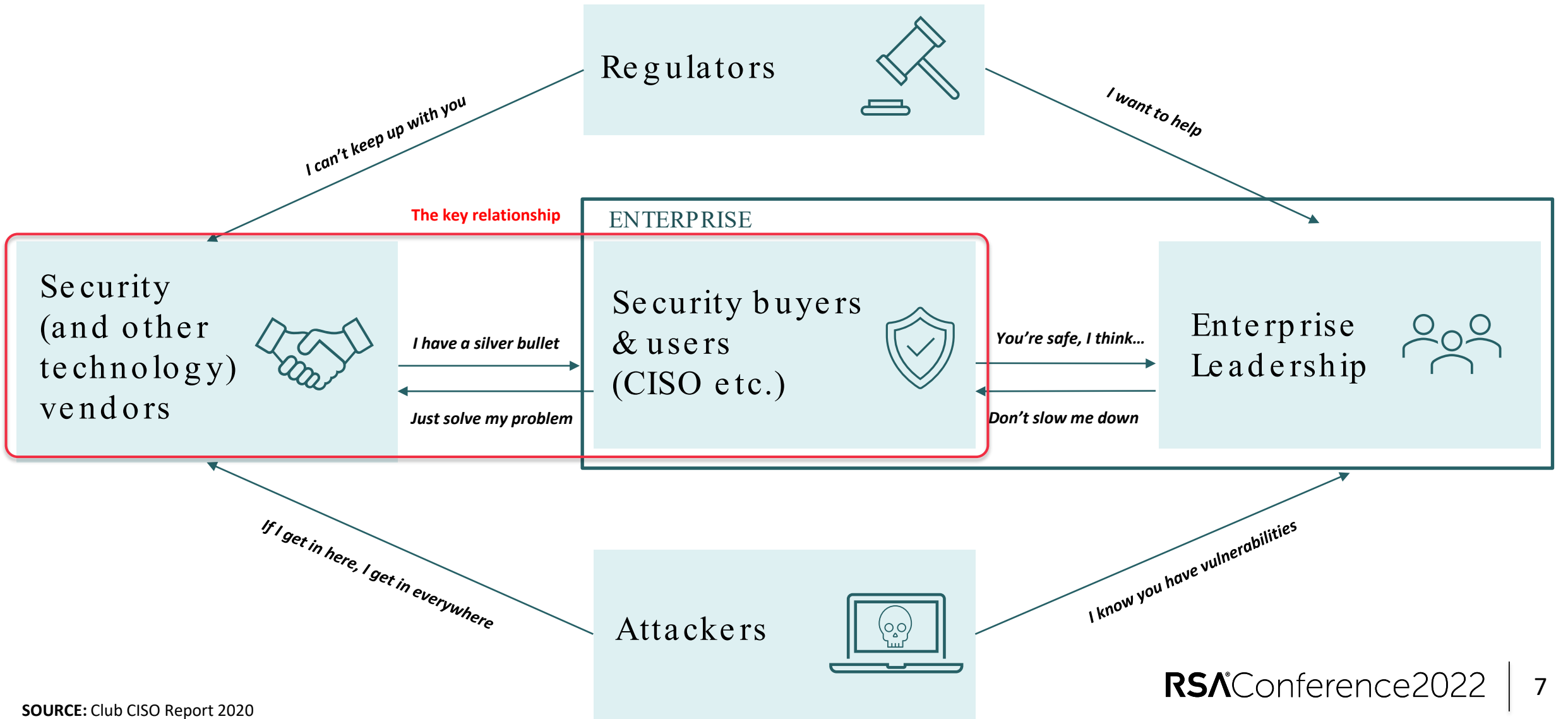
- 90% of interviewees in our research say there is also an efficacy problem with cybersecurity technology

Cybersecurity technology efficacy is defined by four characteristics

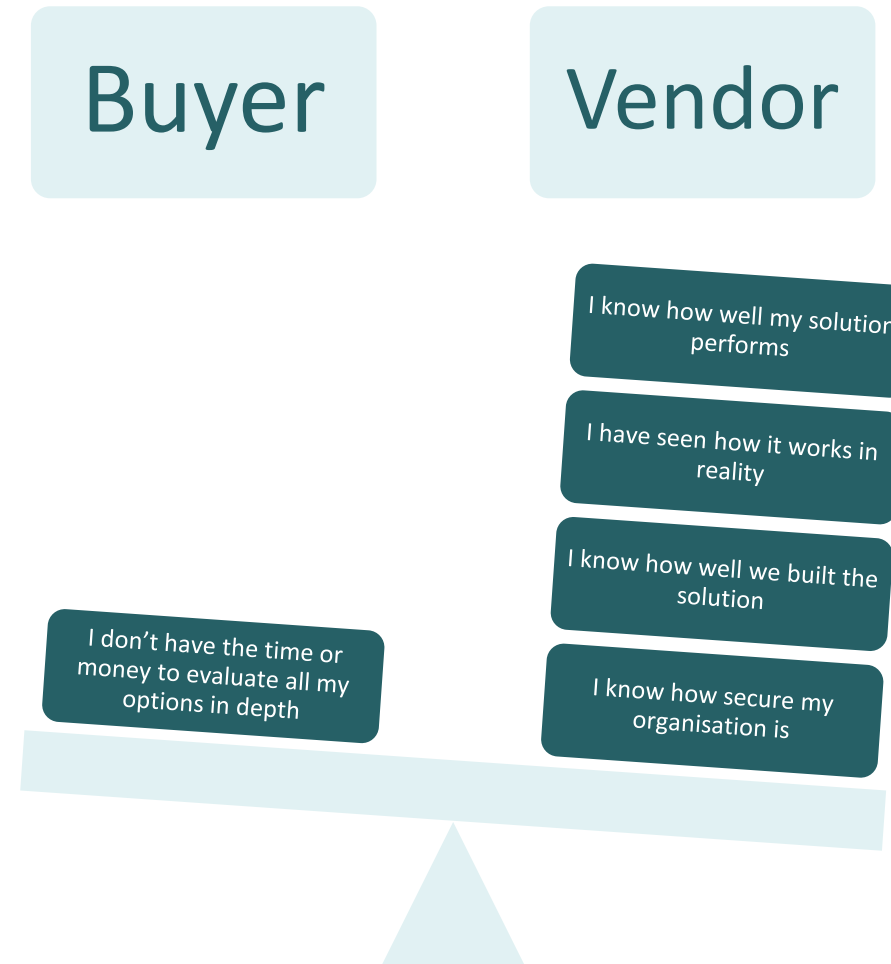
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System dynamics and incentives: short-term incentives outweigh longer-term incentives to improve solution efficacy



Poor efficacy results from the information asymmetry between buyers and vendors



Information asymmetry is an economics problem, not a technology problem

The economic failure is most apparent in the relationship between CISOs / security buyers and vendors. This is where market failings are clear and result in the creation and delivery of sub-optimal solutions:

CISOs / security buyers have the following issues, impacting the supply of effective solutions:



- **Incentives:** compliance, 'sticking with the herd', first-mover disadvantages of additional cost and time
- **Resources:** tight
- **Information:** relying heavily on peers, vendors and limited assessment
- **Time-pressure:** pressure to solve urgent, short-term problems



Security vendors are driven by the following characteristics of the current market:



- **Incentives:** avoid first-mover disadvantage of 'over'-investing in efficacy
- **Innovation-stifled:** lack of efficacy transparency
- **Crowding:** intense competition means excessively bold claims
- **Transparency:** fear vulnerability identification and IP loss



CISOs need better transparency on product limitations when buying, wouldn't necessarily stop the sale, but would help to more effectively deploy and operate solutions...



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The SAFER Cybersecurity Buyers' Charter is proposed to drive resolution of the 'lemons' problem

The Buyers' Charter for SAFER cybersecurity is based on five core principles:



The charter alone doesn't solve the problem...

..but creates a structure for action that can have a long-term effect on the market, aligning with existing initiatives and driving change where required, **all to improve the efficacy of cybersecurity solutions.**



END