**MODELING AND PREDICTING CYBER HACKING BREACHES**

**ABSTRACT:**

Analyzing cyber incident data sets is an important method for deepening our understanding of the evolution of the threat situation. This is a relatively new research topic, and many studies remain to be done. In this paper, we report a statistical analysis of a breach incident data set corresponding to 12 years (2005–2017) of cyber hacking activities that include malware attacks. We show that, in contrast to the findings reported in the literature, both hacking breach incident *inter-arrival times* and *breach sizes* should be modeled by stochastic processes, rather Than by distributions because they exhibit autocorrelations. Then, we propose particular stochastic process models to, respectively, fit the inter-arrival times and the breach sizes. We also show that these models can predict the inter-arrival times and the breach sizes. In order to get deeper insights into the evolution of hacking breach incidents, we conduct both qualitative and quantitative trend analyses on the data set. We draw a set of cyber security insights, including that the threat of cyber hacks is indeed getting worse in terms of their frequency, but not in terms of the magnitude of their damage.