



NATIONAL CENTER FOR  
THE MIDDLE MARKET

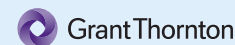
# CYBERSECURITY AND THE MIDDLE MARKET

The Importance of Cybersecurity and How Middle Market Companies Manage Cyber Risks

IN COLLABORATION WITH

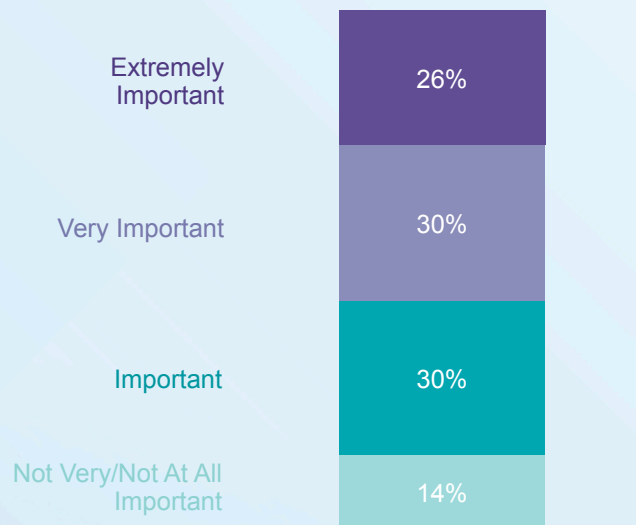


THE OHIO STATE UNIVERSITY  
FISHER COLLEGE OF BUSINESS

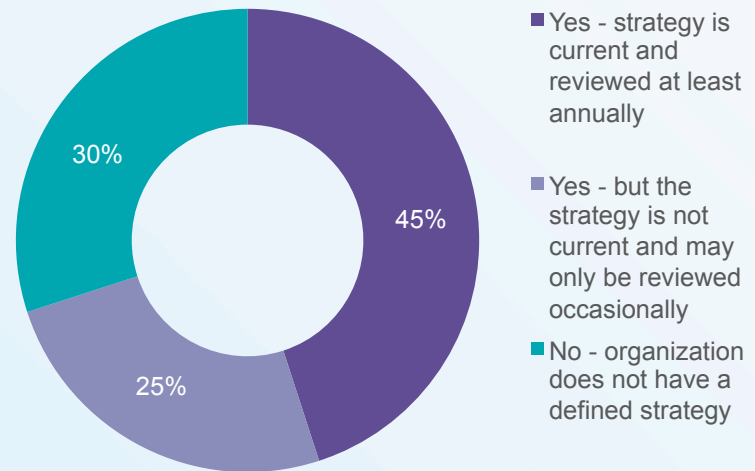


# Concerns about cybersecurity are not matched by plans.

IMPORTANCE OF CYBERSECURITY

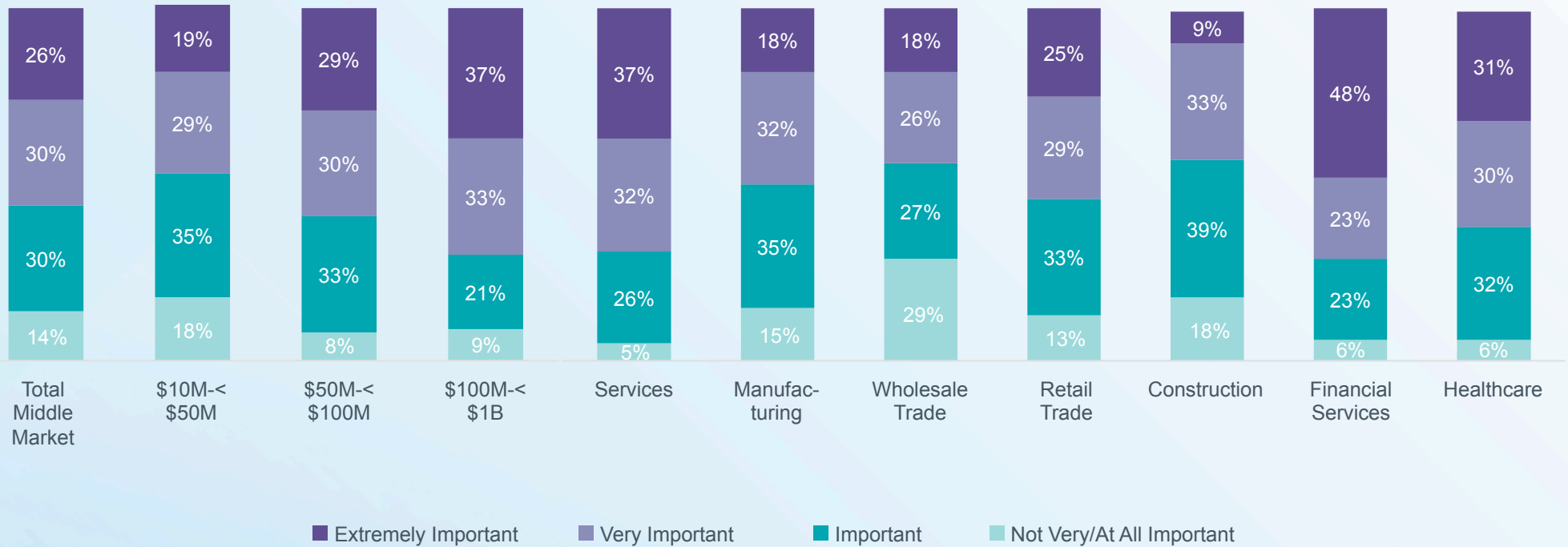


WHETHER ORGANIZATION HAS DEFINED CYBER RISK STRATEGY



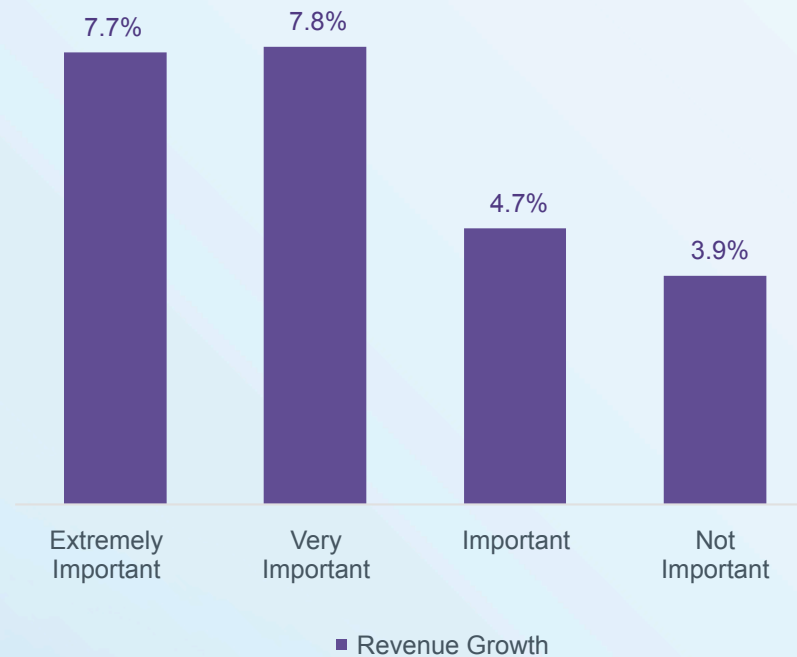
# Concern about cybersecurity varies with company size and by industry.

## IMPORTANCE OF CYBERSECURITY



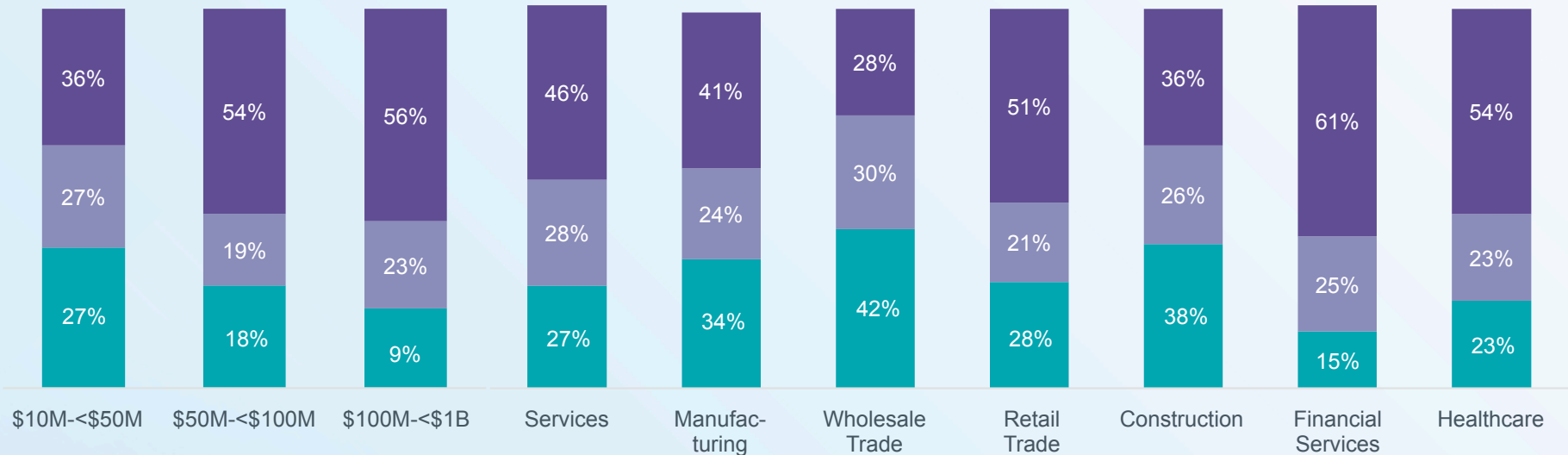
# Faster growing companies pay more attention to cybersecurity.

## AVERAGE YEAR-OVER-YEAR REVENUE & EMPLOYMENT GROWTH



# Bigger companies and certain industries are most likely to have a defined cybersecurity strategy.

WHETHER ORGANIZATION HAS DEFINED CYBER RISK STRATEGY



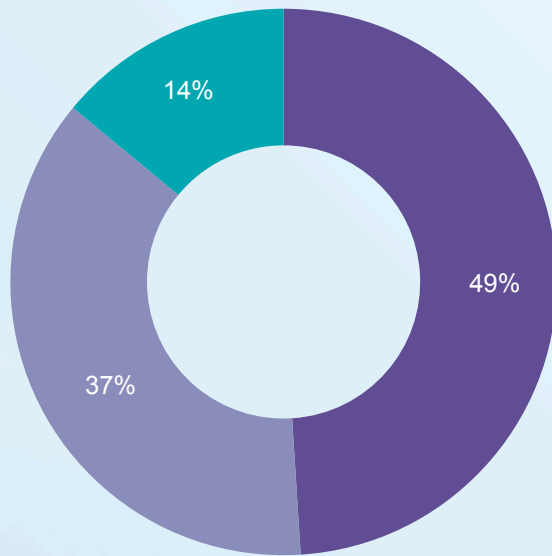
■ Yes – strategy is current and reviewed at least annually

■ Yes – but the strategy is not current and may only be reviewed at least annually

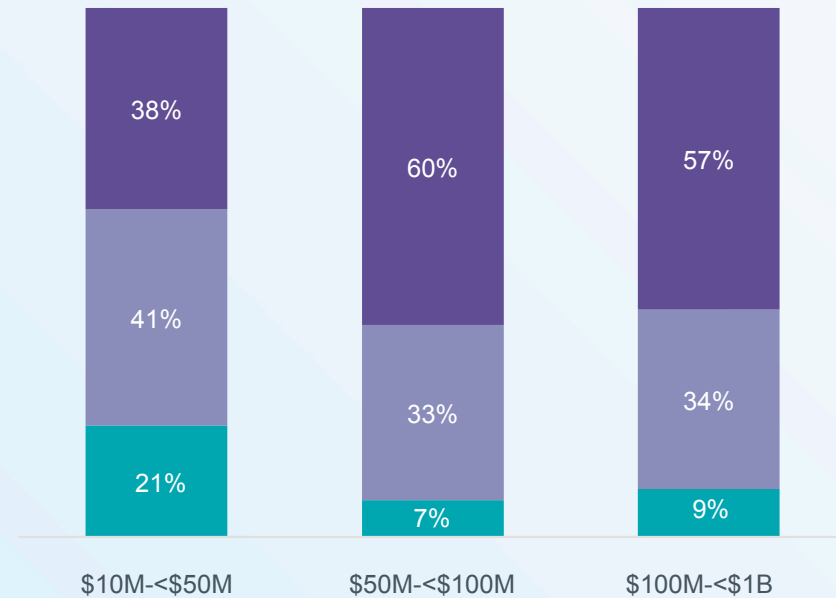
■ No – our organization does not have a defined strategy

# Business strategy is aligned with cybersecurity strategy only about half the time.

## WHETHER CYBER RISK STRATEGY ALIGNS TO OVERALL BUSINESS STRATEGY



Total Middle Market



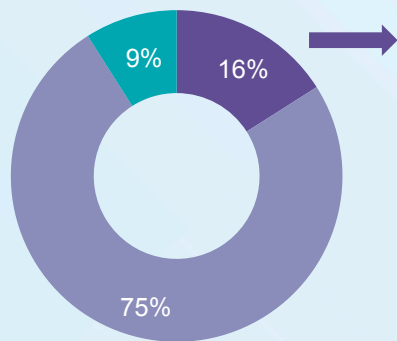
■ Yes – cyber risk management is actively part of broader strategic discussions

■ Yes – cyber risk management is advised of the strategy after it's been defined

■ No – cyber risk defines its own strategy separately from business input

# Most middle market companies believe they have not been hacked.

## WHETHER COMPANY HAS BEEN TARGET OF A HACK



- Company has been target of hack
- Company has not been target of hack
- Don't know

### Profile of Hack Targets:

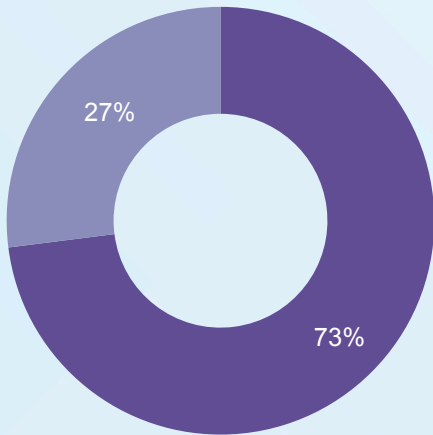
- *Faster past year and projected employment growth*
- *More likely to have expanded into new international markets (26%)*
- *Have greater difficulty accessing capital*

Healthcare, construction and services companies are most likely to be aware of having been hacked.



# Nearly three-quarters of middle market companies have a documented response plan.

## WHETHER HAVE DOCUMENTED INCIDENT RESPONSE PLAN



- Yes - our organization has a documented plan for response to a cyber incident
- No - our organization does not have a documented response plan

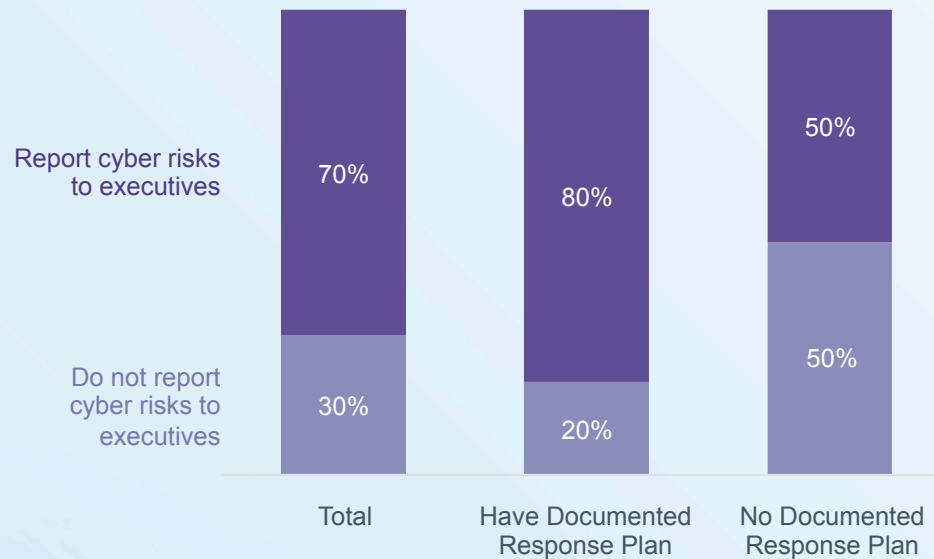
	\$10M-<\$50M	\$50M-<\$100M	\$100M-<\$1B
Yes – our organization has a documented plan for response to a cyber incident	67%	81%	78%
No – our organization does not have a documented response plan	33%	19%	22%

	Services	Manufacturing	Wholesale Trade	Retail Trade	Construction	Financial Services	Healthcare
Yes – our organization has a documented plan for response to a cyber incident	78%	67%	56%	73%	76%	84%	83%
No – our organization does not have a documented response plan	22%	33%	44%	27%	24%	16%	17%



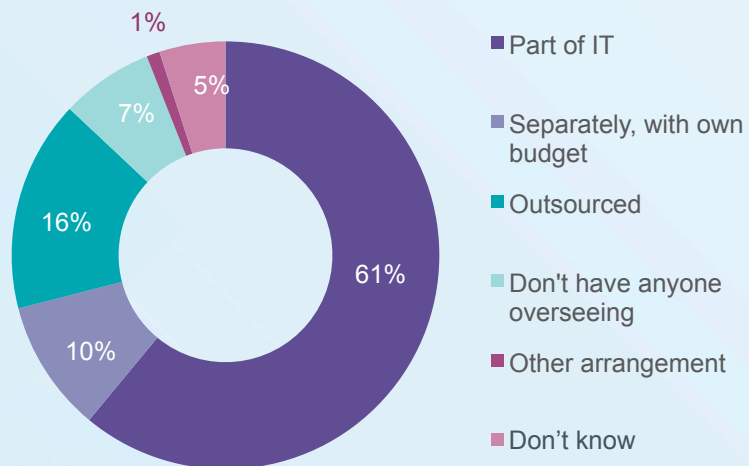
# Top executives are usually – but not always – informed about cyber risk.

## WHETHER REPORT CYBER RISKS TO EXECUTIVES



# Most middle market companies manage cybersecurity as part of IT.

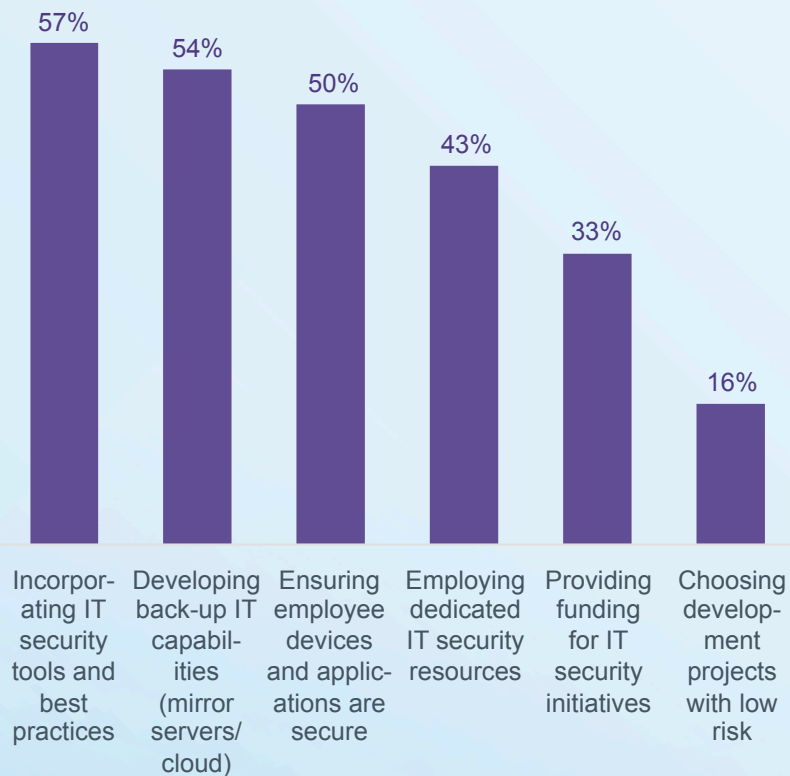
## HOW CYBERSECURITY IS MANAGED



	Total Middle Market	\$10M-<\$50M	\$50M-<\$100M	\$100M-<\$1B
Part of IT	61%	56%	68%	66%
Separately, with own budget	10%	10%	5%	13%
Outsourced	16%	20%	17%	11%
Don't have anyone overseeing	7%	9%	8%	4%
Other arrangement	1%	1%	-	-
Don't know	5%	5%	2%	6%

# People, processes and technology tools are all deployed.

## HOW COMPANY MANAGES SECURITY RISKS



	Total Middle Market
Clear policies and practices communicated to employees, contractors, and visitors	50%
Access controls for all employees	49%
Training/education for employees to better understand threats	45%
Automated defense against known threats	44%
Compliance maintenance (i.e. HIPAA, PCI, DSS, ISO, etc.)	40%
Incident response process	33%
Threat visibility	28%
Detailed log collection of all applications	27%
Remediation for any/all employees that fail to follow policies and practices	26%
Working with customers and vendors to integrate security through the supply chain	24%
Cyber insurance	22%
Remediation capabilities	18%
Other	1%
None of the above	7%

	Total Middle Market
<b>Importance of Having a Solution in Place</b>	
Mobility and security access	63%
Cloud security	62%
Threat intelligence	57%
Complex infrastructure	48%
Visibility	41%
Ransomware	29%

# About this report

## WHO



### Overall Qualifications

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- Financial decision makers
- Private and public organizations
- \$10 million-<\$1 billion in Gross Revenue

### Subgroups Shown

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**Total MM Firms** = Sample sourced from respondents who participated in the Q3 2016 MMI.

## WHEN



September 5, 2016 through September 16, 2016

## HOW



Self-Administered Online Survey



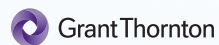
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