



NATIONAL CENTER FOR
THE MIDDLE MARKET

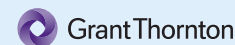
CYBERSECURITY AND THE MIDDLE MARKET

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

IN COLLABORATION WITH

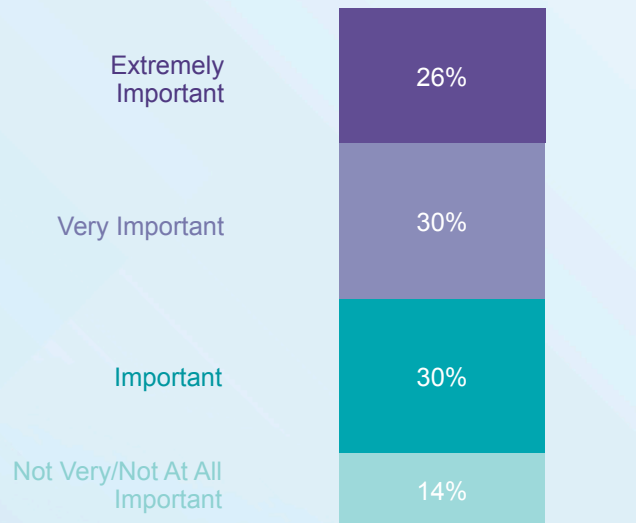


THE OHIO STATE UNIVERSITY
FISHER COLLEGE OF BUSINESS

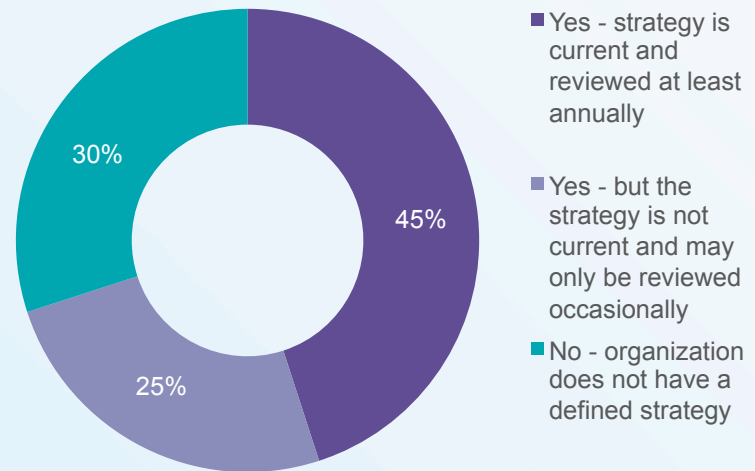


Concerns about cybersecurity are not matched by plans.

IMPORTANCE OF CYBERSECURITY

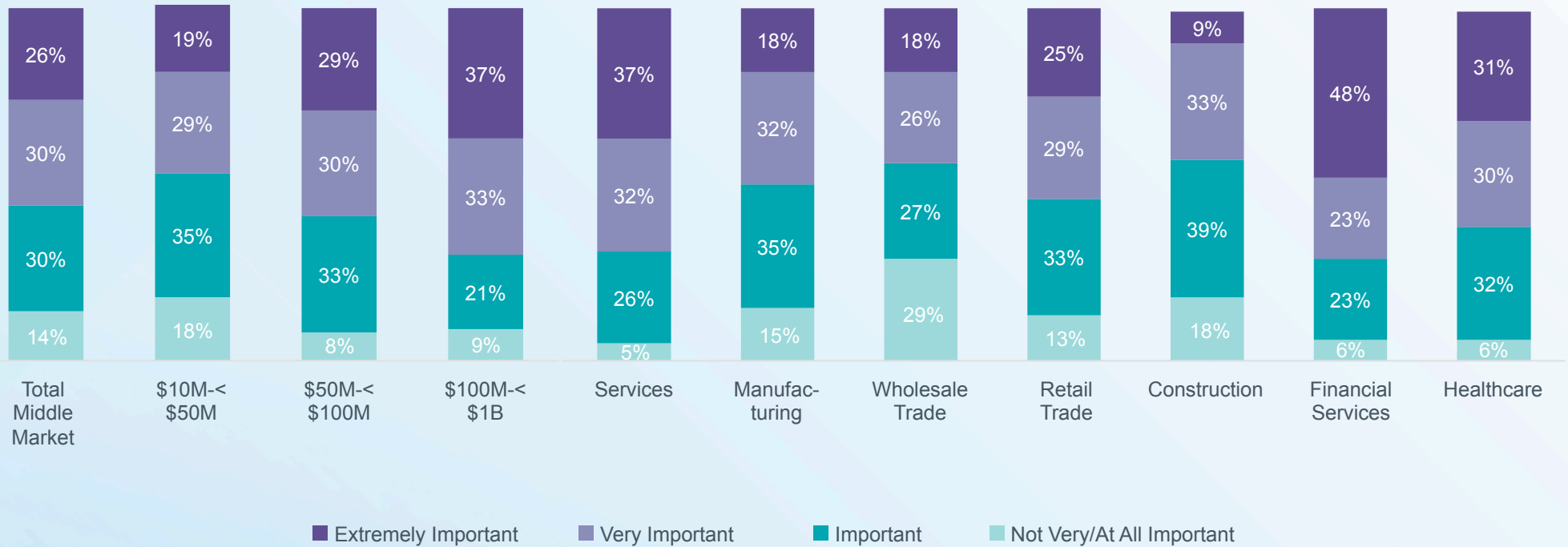


WHETHER ORGANIZATION HAS DEFINED CYBER RISK STRATEGY



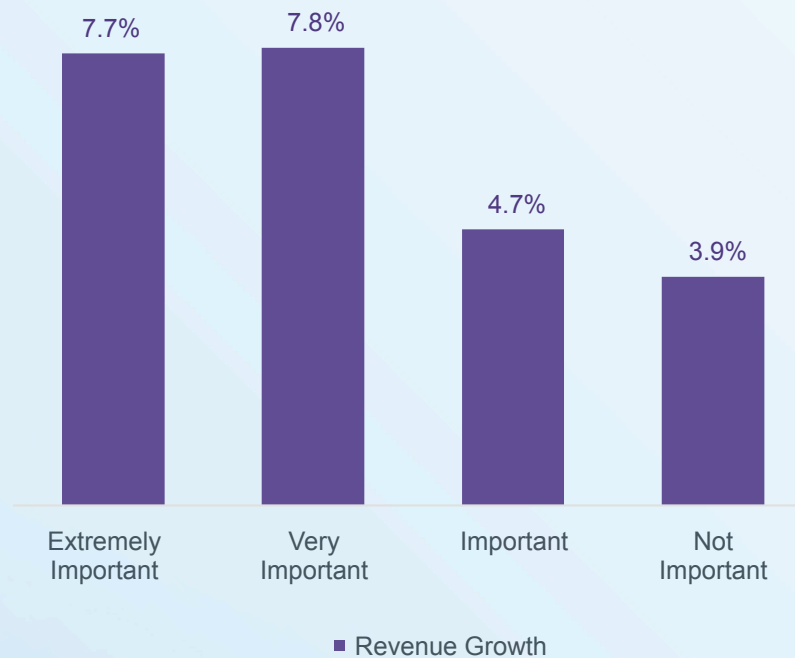
Concern about cybersecurity varies with company size and by industry.

IMPORTANCE OF CYBERSECURITY



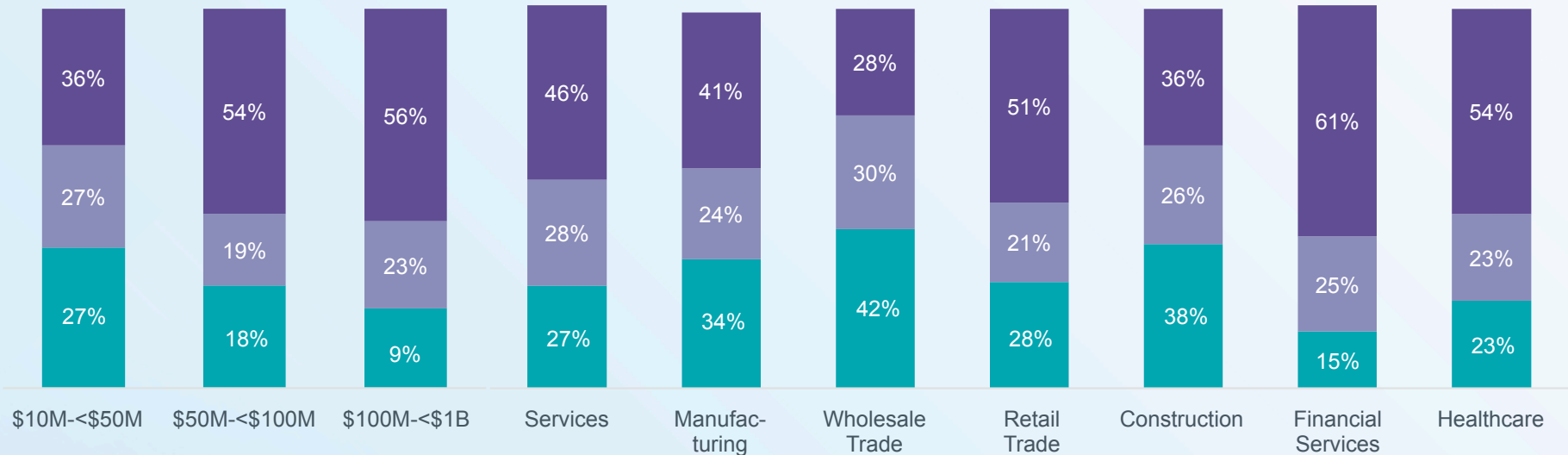
Faster growing companies pay more attention to cybersecurity.

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



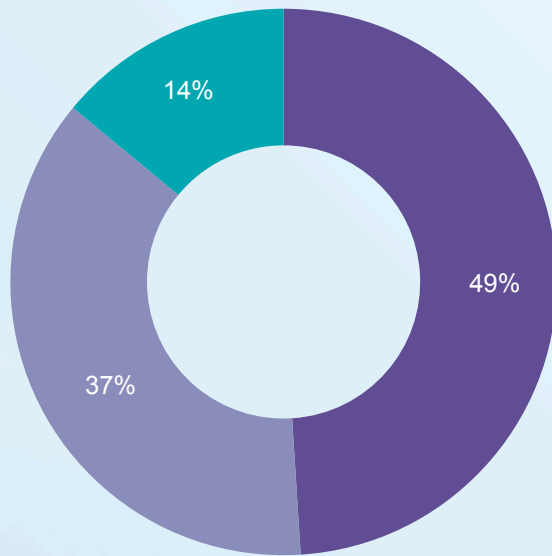
■ Yes – strategy is current and reviewed at least annually

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

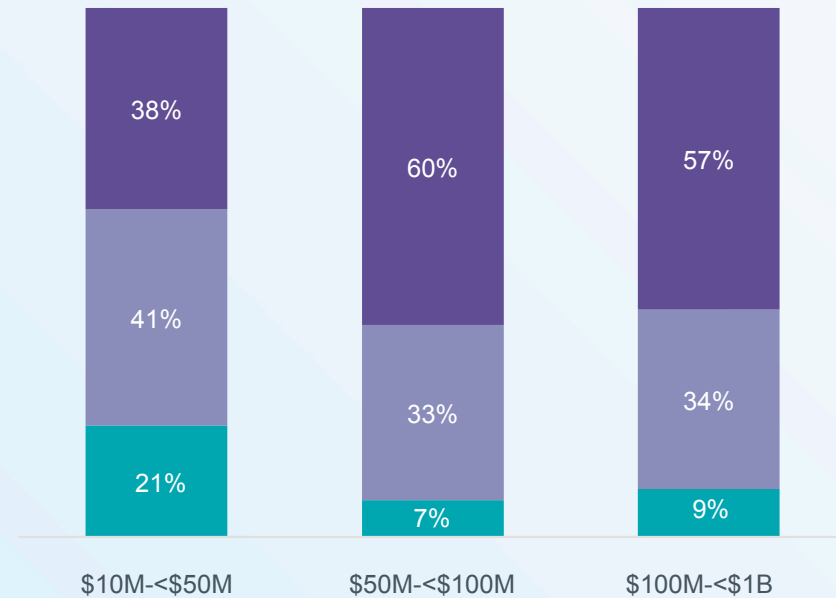
■ No – our organization does not have a defined strategy

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

WHETHER CYBER RISK STRATEGY ALIGNS TO OVERALL BUSINESS STRATEGY



Total Middle Market



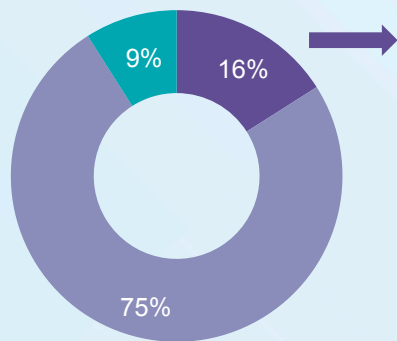
■ Yes – cyber risk management is actively part of broader strategic discussions

■ 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:

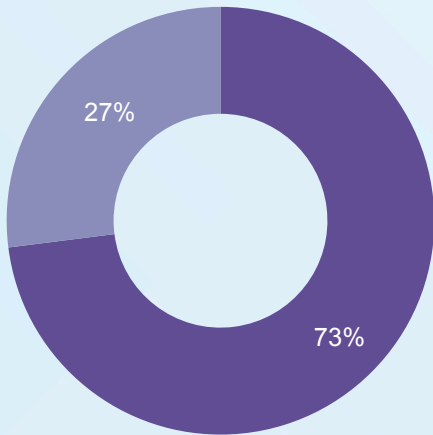
- *Faster past year and projected employment growth*
- *More likely to have expanded into new international markets (26%)*
- *Have greater difficulty accessing capital*

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



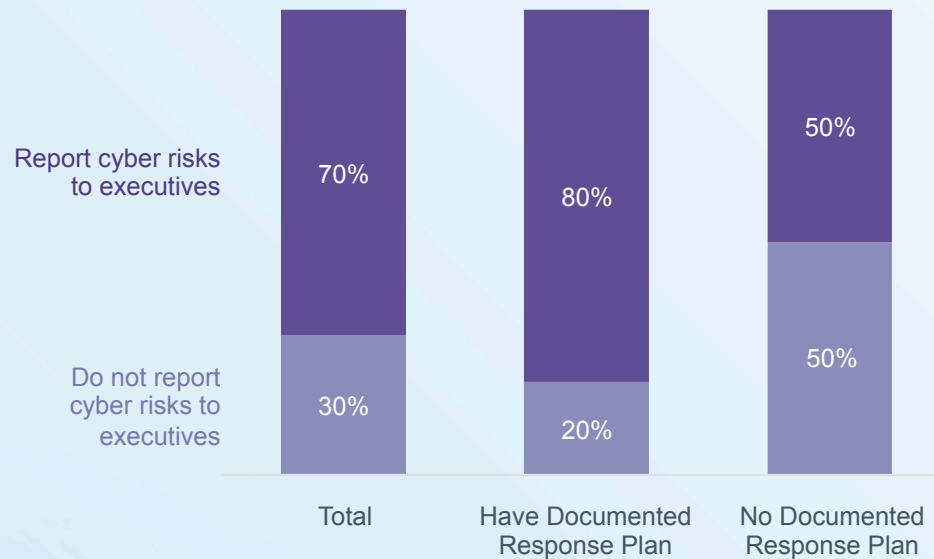
- Yes - our organization has a documented plan for response to a cyber incident
- No - our organization does not have a documented response plan

	\$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%

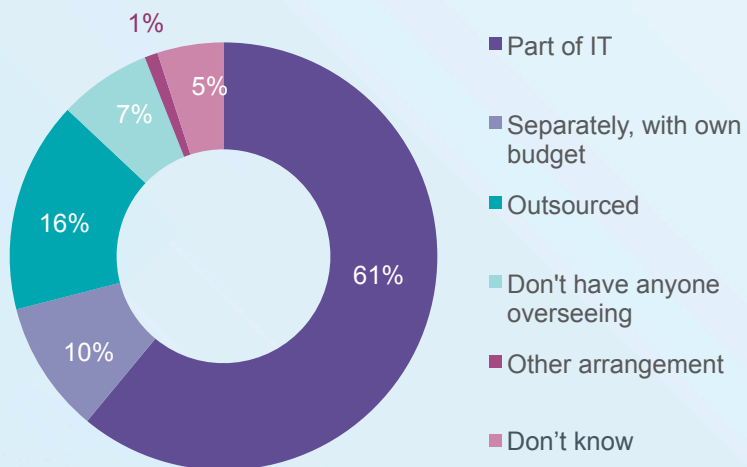
Top executives are usually – but not always – informed about cyber risk.

WHETHER REPORT CYBER RISKS TO EXECUTIVES



Most middle market companies manage cybersecurity as part of IT.

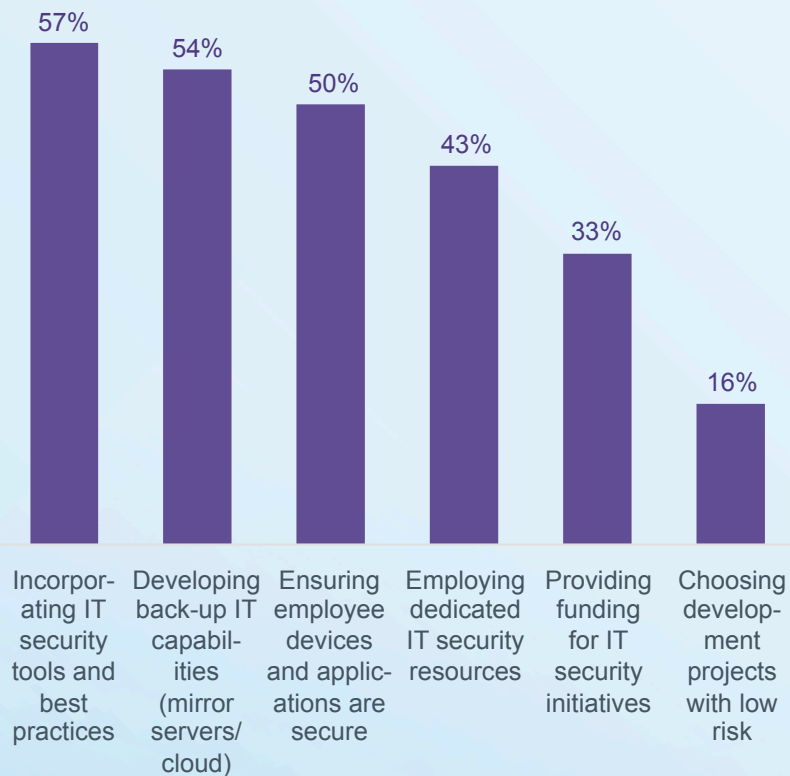
HOW CYBERSECURITY IS MANAGED



	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
Importance of Having a Solution in Place	
Mobility and security access	63%
Cloud security	62%
Threat intelligence	57%
Complex infrastructure	48%
Visibility	41%
Ransomware	29%

About this report

WHO



Overall Qualifications

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

Subgroups Shown

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



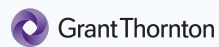
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