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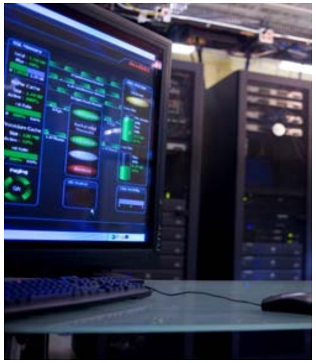


Security Risk Management Discussion

March 20, 2018

Great moments in risk management history…

Cyber risk has been addressed via regulation, quasi-regulation and massive investment

A number of information security guidance documents are currently available … and more are on the way

NIST

ISO

FFIEC

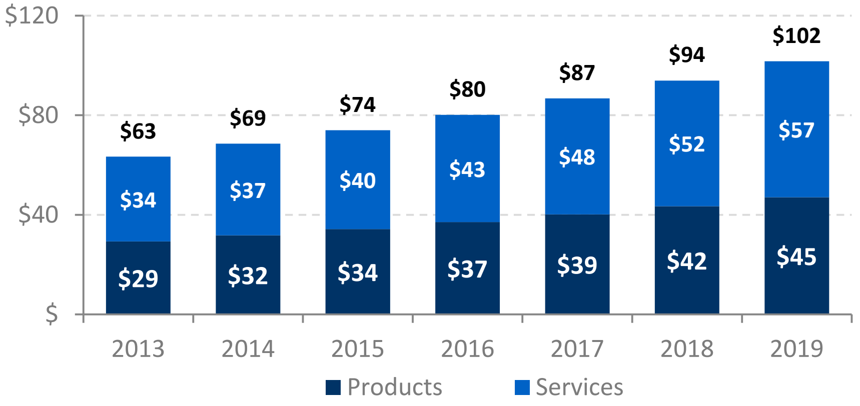
NEW YORK STATE DEPARTMENT of FINANCIAL SERVICES

Australian Government
Department of Defence
Intelligence and Security

Center for Internet Security®

Significant investment in cybersecurity products and services

Global Cybersecurity Spending[1]



… Challenge is how to prioritize planning in face of (a) adaptive threat, (b) limited resources, and (c) rapidly changing business and technology environment

[1] Source: Triangulation of Market Reports including Gartner, IDC, and others; TCG proprietary analysis

Impact of Recent Cyber Attacks

EQUIFAX

- Approximately $150M 2017 impact
- Expects additional $275M impact in 2018

- Certain customers determined to defer or cancel new contracts
- Some customers require Equifax to maintain ISO 27001 certification. Due to the 2017 cybersecurity incident, certain ISO certifications have been suspended.

FedEx Corporation

- $400M impact to 2017 earnings

- Impact was “primarily from loss of revenue due to decreased shipments” plus remediation costs.
- While critical operational systems have been fully restored, “not all customers are shipping at pre-attack volume levels.”

MERCK

- Cumulative $590M 2017 impact
- Forecasting another $200M adverse impact to sales in 2018

- $260 million unfavorable sales impact based on an inability to fulfill orders in certain markets.
- Merck ultimately had to borrow doses of HPV vaccine from U.S. CDC Pediatric Vaccine Stockpile.

What makes this so hard? Six implementation risks to consider

Even well-resourced programs can fail to consider these risks

Gaps in Inherent Risk Understanding

Problems occur where the assessment of risk does not account for critical assets and how changing business, technology and threat drivers impact an enterprise risk profile.

Gaps in Planning & Preparedness

When incidents occur, responders and victim organizations often identify gaps in preparedness that – had they been addressed – could have substantially mitigated the extent of damage.

Operational Burdens

Tools and technologies generate a high volume of security data (e.g., false alerts, large numbers of vulnerabilities, etc.)

Dependencies on IT Staff & Technology

Implementation of security controls can require varying levels of IT staff support – the program can be impacted without right-sized IT resources. Legacy IT infrastructure adds additional risk.

Lack of Stakeholder Alignment

Business and IT leaders play a key role in advancing a security program. Without education and cultural change, the program may be impacted by lack of buy-in. Users are first line of defense – user education & awareness is key.

Lack of Control Transparency

Without meaningful program evaluation, controls can decay over time, engendering a false sense of security. Pen test and audit reports can be confusing and lack meaningful risk context.

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