2020 Advisory Conference

October 27–29
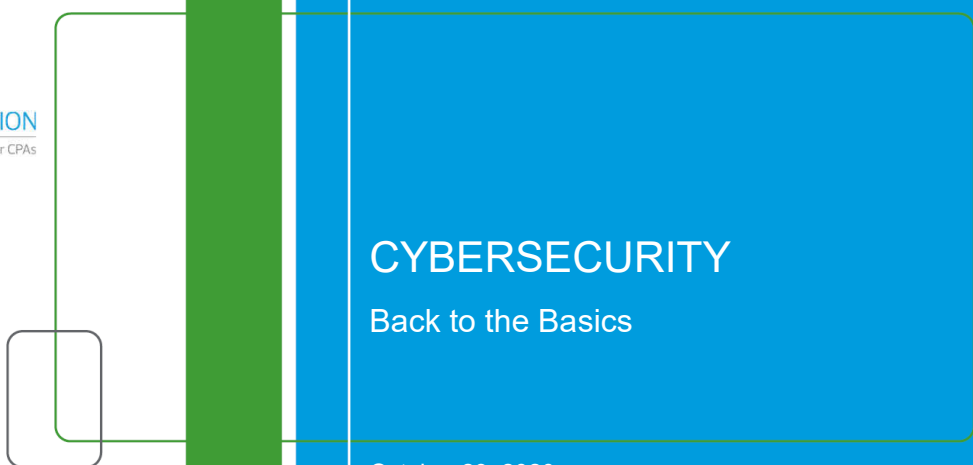
Converging knowledge and behaviors to deepen client relationships

CONVERGE

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CYBERSECURITY

Back to the Basics

October 29, 2020

Speaker

Ken Stasiak - Principal

Risk Consulting Growth and Marketing Leader

Ken came over to RSM through an acquisition in March 2018. Ken is the former CEO and founder of SecureState, a pure play cybersecurity company located in Cleveland, Ohio.

Ken has founded several companies, including a fitness studio (sold in 2019), SecureState (sold to RSM in 2018), Federal contracting company, and a property management company.

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Agenda

Topic	Minutes
COVI-19 Cybersecurity Implications	10
RSM Cybersecurity Market Perceptions	20
Few Ideas and Business Drivers	15
Open Discussion	15

Note: There are four polling questions included in this presentation.

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Objectives

By the end of this course, you will be able to:

- Understand the impacts of COVID-19 on your clients as it relates to cybersecurity
- Recognize potential services/solutions to address these impacts

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COVID-19
MMBI CYBERSECURITY
SPECIAL REPORT
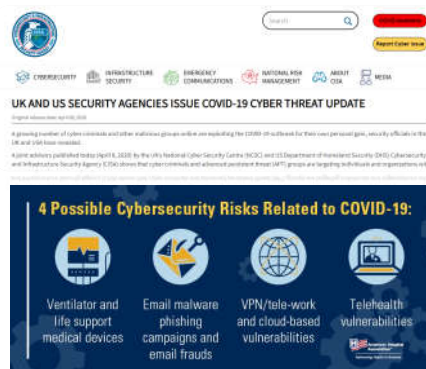
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COVID-19: cybersecurity for a remote workforce

An increasing number of cyberattacks

• The FBI is receiving 3,000 to 4,000 cybersecurity complaints daily, up from 1,000 prior to the pandemic

Changing attack surfaces

• Security agencies in both the United States and the United Kingdom have warned that a growing number of cyber criminals are targeting individuals and organizations with malware. In addition, cyber risks via business partners and third parties are increasing as well

UK AND US SECURITY AGENCIES ISSUE COVID-19 CYBER THREAT UPDATE

4 Possible Cybersecurity Risks Related to COVID-19:

Ventilator and life support medical devices | Email malware phishing campaigns and email frauds | VPN/tele-work and cloud-based vulnerabilities | Telehealth vulnerabilities

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COVID-19: cybersecurity for a remote workforce

Distracted workforces

Increasingly preoccupied by greater personal and financial stress at home, employees are more vulnerable to cyberthreats and "social engineering" cyberattacks designed to trick them into revealing sensitive information.

Unanticipated staff shortages

Since mass work from home began during the coronavirus outbreak, self-reported data in the United States shows decreased productivity across industries, with 11% of professional and office workers and 17% of industrial and manual service workers reporting lower productivity.

WHEN YOU'RE WORKING FROM HOME... AND YOUR BOSS MESSAGES YOU ABOUT DOING SKYPE MEETING.

MMBI cybersecurity special report

- RSM US LLP (RSM) and the U.S. Chamber of Commerce have joined forces to present the RSM US Middle Market Business Index (MMBI)—a first-of-its-kind middle market economic index developed by RSM in collaboration with Moody's Analytics

- Data for the MMBI is gathered through quarterly surveys of the RSM US Middle Market Leadership Council, a panel of 700 middle market executives managed by the Harris Poll

  1. <u>Smaller</u> middle market companies: ($10m - $50m) in revenue
  2. <u>Larger</u> middle market companies: ($50m - $1b) in revenue

MMBI cybersecurity special report dates back to 2015

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MMBI cybersecurity special report 2020

- https://rsmus.com/economics/rsm-middle-market-business-index-mmbi/cybersecurity-special-report.html

- https://rsmus.com/events/rsm-2020-cybersecurity-special-report.html

For more insights from our Cybersecurity Special Report, check out our Q&A answered by some of our experts:

What are some key takeaways from the Cybersecurity report for Canadian businesses?

What are some tips and best practices for an organization's CISO or Director of Security?

What are the top 3 most common phishing attacks you are seeing today?

What are the top 3 most prevalent cyber attacks you are seeing today?

What are the top 3 trends or emerging concerns in data privacy today?

What are the top 5 things you should ensure your cyber liability insurance policy covers?

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The cybersecurity threat to the middle market

Larger companies reported triple the incidents of smaller companies

18% of middle market C-suite executives said their companies experienced a data breach in the last year, up from 15% in 2019.

- COVID-19 has increased the complexity of securing organizations, and changes in business processes

- Rise in middle market companies that carry cyber insurance

Only 4% of claims originated from companies with over $2B in revenue

- NetDiligence® Cyber Claim Study found that 96% of cyber insurance claims came from small to medium size business

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Cyber threat continued

Protecting Data → Should we even have the data?

Overtaking ransomware, which was the leading cause in last year's report

- The 2019 NetDiligence Cyber Claims Study, sponsored by RSM, showed social engineering accounted for the highest amount of losses among middle market companies

95% of middle market executives are confident in their current security posture, up 2% from last year's report:

1. Increase cyber insurance
2. Increase in awareness training
3. Increase in dedicated cybersecurity resources

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Polling question: from MMBI audience

Has COVID-19 affected your cybersecurity strategy?

A.	Yes, significant impact (negatively)	10.80%
B.	Yes, significant impact (positively)	22.10%
C.	No, business as usual	39.70%
D.	Unknown, still figuring it all out	27.50%

For the MMBI Cybersecurity Special Report presentation we had 519 people attend the event
Polling questions range in response rate, but on average 450 responded.

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Social engineering

- Awareness training companies provide has increased by 3% to nearly 82%
    - With increased training, and a decrease in employees' effectiveness in identifying phishing emails, is this working?

- Tailored awareness programs have a higher retention rate for employees than canned or generic templates

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Polling question: from MMBI audience

- Did you include phishing in your latest penetration test?
  - A. Yes — 57.90%
  - B. No — 15.80%
  - C. Maybe — 6.30%
  - D. Don't know — 20.00%

Polling question: from MMBI audience

- Do you feel like your company is well positioned to address a ransomware attack?
  - A. Yes — 38.20%
  - B. No — 8.80%
  - C. Maybe — 37.90%
  - D. Don't know — 15.10%

BACK TO THE BASICS
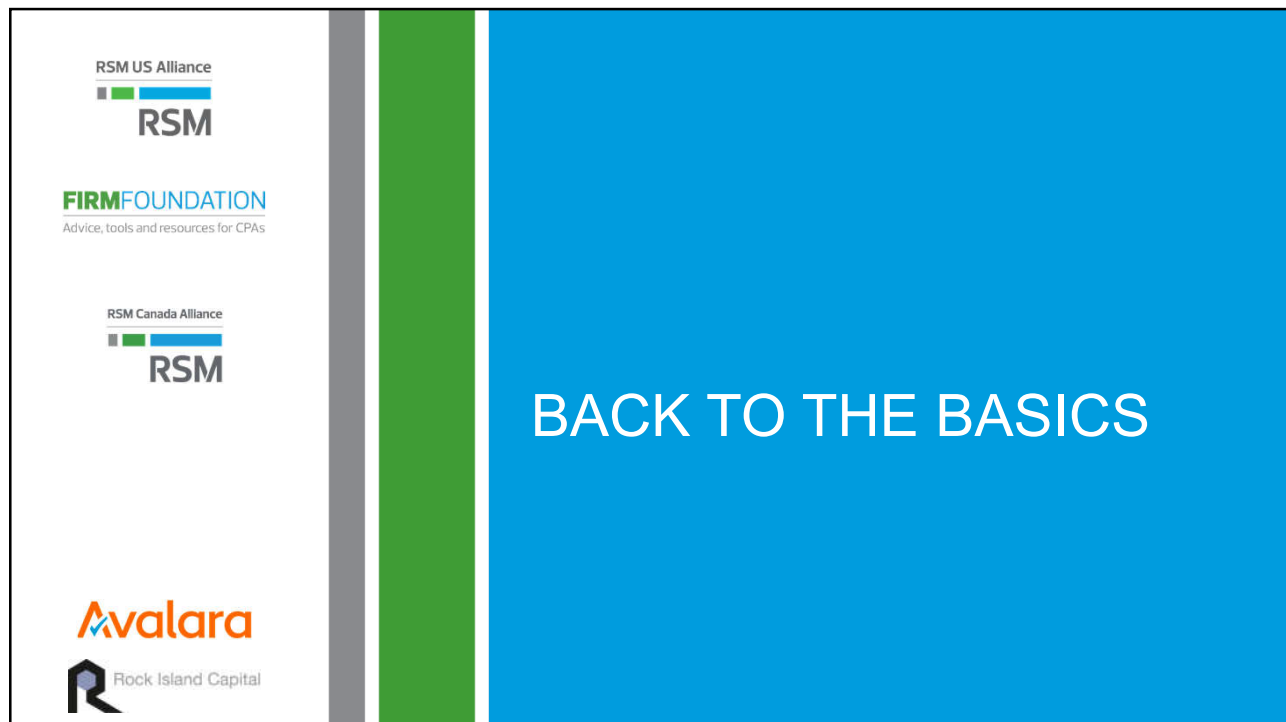
RSM Security, Privacy and Risk Consulting (SPRC)

- $40m dollar practice with over 170 professionals
- Three primary pillars
  - Governance and Compliance (45% revenue)
  - Technical Services (43% revenue)
  - Transformation Services (12% revenue)
- RSM's risk consulting team has rolled out several new products to the market based on COVID-19 restrictions
  - Work from home assessment
  - Control triage
  - Pandemic planning (BCP)
  - Recovery Framework

In addition to all the other practices rolling out COVID-19 related services RSM's COVID-19

COVI-19 fatigue: risk consulting

- With all the new services and the focus on COVID-19 resource center, the primary services clients are buying today are the same as last year
- Specific industries are doing better handling COVID-19, most of which you would expect
  - Healthcare was dormant during the early summer months with COVID-19, but we have seen a significant uptick in activity
  - Financial sector hasn't been impacted, and continues to purchase at the same rate as last year
  - Consumer Products has been hit or miss depending on the micro industry
  - Technology has been very active
  - Surprisingly, non-profits have also been very active in purchasing risk consulting services

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SPRC by the numbers

- SPRC top selling services May – Oct 2020
- Governance and Compliance
  - PCI Services
  - NIST Cybersecurity Framework (CSF) Maturity Assessments
  - Cybersecurity Maturity Model Certification (CMMC) Readiness review formally NIST 800-171
    - Controlled Unclassified Information (CUI)
  - HIPPA/HITRUST reviews
- Technical Testing
  - Penetration Testing
  - Web Application Testing
  - Incident Response (Not down from previous year)
- Transformation Services
  - Virtual Chief Information Security Officer (vCISO)
  - Architecture Reviews

Phishing Assessment are down from PY

* Middle Market Index Cybersecurity Special Report ranks Phishing as the number one attack vector for 2019-2020.

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Market trends

- Many organizations are looking to outsource specific services (managed services)
  - With reduced head count, budgets and/or shift in focus
- Staff Augmentation
  - Restriction on hiring during COVID-19 we have seen a spike in organizations looking to place resources for 6-12 months
    - General security specialists
    - Niche focused cybersecurity areas
  - Most (90%) have been remote work

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Specific business issues

- We have seen numerous cases where the board wants to check to ensure the cybersecurity program is working effectively during the COVID-19 pandemic

Cybersecurity Drivers	Business Drivers
Breach or expected breach	- Digital Transformation
Compliance	- Mergers and Acquisition
Third-party requirements	- Robotic *Process Automation* (RPA)
Due diligence/ pro-active	- Outsourcing (managed services)

Industry designation can influence these drivers

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A FEW IDEAS

Business Drivers

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Top requested services

- Let's take a closer look at the top services clients are buying today.

- NIST CSF Assessment
  - Driver: Wants to understand how the current environment has changed, and what new risks have been introduced
  - Triggers: Our business process/model has changed significantly over the past 6 months
  - Discovery: Have you assessed the new risks that have emerged with these changes?

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vCISO offering {doesn't need to be formal}

- Dedicated resources focused on cybersecurity is a key component to building and managing an effective cybersecurity program.
  - Unicorns, don't exist (at least that I know of), neither do cybersecurity professionals that understand and have performed everything needed.
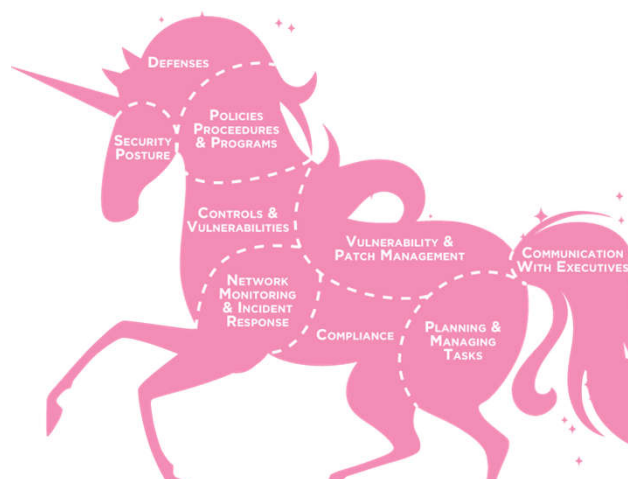
- We have an open requisition to hire a cybersecurity resource
- Cybersecurity still has an almost zero unemployment rate
- How long has the requisition been open? What type of resource are you looking for? Augmenting current dedicated resources can be an effective way to increase your overall program without adding headcount.

DEFENSES
POLICIES PROCEEDURES & PROGRAMS
SECURITY POSTURE
CONTROLS & VULNERABILITIES
VULNERABILITY & PATCH MANAGEMENT
COMMUNICATION WITH EXECUTIVES
NETWORK MONITORING & INCIDENT RESPONSE
COMPLIANCE
PLANNING & MANAGING TASKS

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Ransomware assessment

- In May 2019, we launched a complementary ransomware assessment for both our clients and prospects
  - Conducted over 50 reviews
  - Viewed as a partner providing a service that incumbents didn't
  - Strengthen existing relationship
  - Opened the conversation for new relationship
- 45 min consultation of the phone
- 40 controls/objectives outlined, mapped back to the NIST CSF (Identify, Protect, Detect, Respond, Recover)
- Produced a three page deliverable that outlined areas for improvement

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Open discussion

- Think about your past experiences with clients, specifically around cybersecurity
    - What triggers did you hear from the client that prompted you to recommend your cybersecurity solutions?
    - Based on the information presented today, how would you have changed your approach or services/solutions?
- If you have questions on how you could have approached the client as it relates to cybersecurity or have questions around an up and going meeting, let's discuss!

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