

News Release

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INFORMATION SECURITY EXECUTIVES STRUGGLE TO HOLD LINE AGAINST SECURITY THREATS

*World's Largest Information Security Study from CIO Magazine and PricewaterhouseCoopers LLP Finds
Weakness in Strategic Planning and Regulatory Compliance*

Brussels—October 07, 2005—A representative professional sample of over 8,200 information security executives in 63 countries (31% of them in Europe) have difficulty in coping with security threats and incidents, according to the State of Information Security 2005, the world's largest information security study by IDG's *CIO* magazine and PricewaterhouseCoopers. The average number of security-related events reported is up from 704 in 2004 to 862 in this year's study, an increase of 22.4%. The number of organizations reporting financial losses from these events is 22%, a significant increase from last year's 7 percent. Hackers remain the most likely source of events, accounting for 63% of attacks, compared to 66% in 2004, followed by employees (33% versus 28%) and former employees (20% versus 21%). The most common type of attack for the second consecutive year is malicious code (e.g. computer virus), representing 59% of attacks and up from 53% the year before.

Scott Berinato, editor-in-chief of *CIO* and *CSO* magazines, says: "progressive improvements are ongoing in all areas of security, including spending. Nonetheless, these improvements are making little headway against the complexity and volume of the threats that information security professionals are facing. Quite simply, they are unable to cope with defending and managing highly vulnerable IT infrastructure against extremely intelligent adversaries."

As a result of ever-present threats, security spending is globally on the rise from 11% of an organization's IT budget in 2004 to 13% of an organization's IT budget this year. The ratio in Europe is 12.3%, although nearly 40% of respondents indicated that there was no year-on-year change in 2005. When asked where the money for security spending comes from, respondents point to several internal groups. Information technology (IT) is responsible for security budgets, according to 58% of respondents, followed by finance at 19%. Some 40% of this year's respondents report their companies' employ a chief information security officer (CISO) or chief security officer (CSO), up from 31% in 2004. These managers report to the Management Committee (17%), the General Manager (29%) or the IT Director (25%) or other board or management officers. On a strategic level, only 37% of respondents report a security plan is in place at their firm and only 24% report they expect to develop one in the coming year. The number of organizations with a security plan rises to 62% when the organization employs a CISO or a CSO.

At a European level, the survey shows that, even though companies score with a global average as regards IT strategy planning, they are less active in putting in place effective measures such as centralized security management or periodic assessment of security risks. Of the arguments put forward as barriers to effective security implementation, European firms consider the greatest as being: limited budget (over 55%), a lack of personnel (40%) and a shortage of time and the low priority given to security (40%).

"Security is not an objective in itself," says Daniel Evrard, Partner with PricewaterhouseCoopers Enterprise Advisory. "It has to respond to the strategic and operational concerns of the company, such as opening up to trading partners and integrating new entities within a group, all the while with an eye to the necessity of protecting confidential commercial data and complying with regulatory obligations. Dialogue between management and IT departments is essential to ensure a match between need and the resources deployed. Although the survey indicates that cooperation between IT and the rest of the company is better in respect of security, businesses are still finding difficulty in getting a grasp of the issue in its entirety." "A successful security solution lies in the ability to implement the right balance of people, processes and technology in the whole business and not only within the IT department," continues Marc Sel, a Director within the Process Improvement Department of PwC Enterprise Advisory. "A company that puts these principles into practice has a greater chance of attaining a tailored, effective, economically justified level of protection."

Survey results will be covered in-depth in the September 15th issue of *CIO* magazine and the October issue of *CSO* magazine in a series of articles co-authored by Berinato and Research Editor Lorraine Cosgrove. The coverage will also be available online at www.cio.com and www.csoonline.com. Information about the survey will also be available at www.pwc.com/security.

Methodology & Respondent Profile

The Global State of Information Security 2005, a worldwide study by *CIO* magazine and PricewaterhouseCoopers, was conducted online from March 14 through April 23, 2005. Readers of *CIO* and *CSO* magazines and clients of PricewaterhouseCoopers from around the globe participated in the survey via email. The results are based on the responses from more than 8,200 CEOs, CFOs, CIOs, CSOs, vice presidents and directors of IT and information security from 63 countries. The margin of error for this survey is 1%.

The study represents a broad range of industries, including computer-related manufacturing and software (11%), consulting and professional services (11%), financial services/banking (9%), government (9%), education (7%), health care (5%), telecommunications (5%) and transportation (5%).

Thirty-two percent (32%) of the executives surveyed report total annual sales of less than \$100 million while 17% reported sales between \$100 million and \$999.9 million. Twenty-one percent (21%) of survey respondents say their organizations' annual sales exceed \$1 billion while 17% are non-profit organizations and therefore did not report annual sales; 12% did not answer the question.

In terms of title, 54% of respondents hold IT titles including CIO, chief technology officer (CTO), vice president, director and manager while 10% are information security professionals. Twelve percent (12%) of those surveyed hold CEO, CFO or non-IT director titles while 24% list "other" as their title.

About CIO Magazine

Launched in 1987, *CIO* magazine addresses issues vital to the success of chief information officers (CIOs) worldwide. The CIO portfolio includes a companion website (www.CIO.com), CIO Executive Programs and the CIO Executive Council™. CIO properties provide technology and business leaders with analysis and insight on information technology trends and a keen understanding of IT's role in achieving business goals. The U.S. edition of the magazine and website are recipients of 140 awards to date, including two Grand Neals from the Jesse H. Neal National Business Journalism Awards and two Magazine of the Year awards from the National Society of Business Publication Editors. *CIO* magazine is published in more than a dozen countries, including Australia, Canada, China, France and Germany. CIO Executive Programs—a series of face-to-face conferences including CIO Perspectives® and the CIO 100 Awards & Symposium™—provide educational and networking opportunities for pre-qualified corporate and government leaders. The CIO Executive Council is a professional organization of CIOs created to achieve lasting change in critical industry, academic, media and governmental groups. *CIO* magazine, CIO.com, and CIO Executive Programs, and the CIO Executive Council are produced by International Data Group's award-winning business unit: CXO Media Inc.

About PricewaterhouseCoopers

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 144 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

In Belgium the PwC Information Protection team has a long standing experience carrying out assignments at various levels, from setting out IT security strategy and policies through to defining security-management processes and procedures and, in some cases, carrying out intrusion tests. In the course of these projects, PwC also analyzes whether it is feasible and worthwhile to introduce advanced technologies such as cryptography, chip cards, LDAP integration and PETS (Privacy Enhancing Techniques). For more information, contact Daniel Evrard (02/710.71.02) or Marc Sel (03/259.34.10).

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