

News Release

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Information Security Function "Protected" During Economic Downturn According to PricewaterhouseCoopers/CIO/CSO Magazine's Global State of Information Security Survey® 2010

63% of global survey respondents say spending on security function will increase or stay the same in spite of economic downturn

According to the 7th annual Global State of Information Security Survey® 2010, released on 15 October 2009, six out of ten respondents (63 percent) expect spending to either increase or stay the same – in spite of the worst economic downturn in decades – or perhaps because of it. The study, the largest of its kind, is conducted by PricewaterhouseCoopers LLP (PwC) in conjunction with *CIO* and *CSO* magazines. More than 7,200 executives from 130 countries across all industries were asked about their information security expectations. The results demonstrate that global leaders appear to be “protecting” the information function from budget cuts – but at the same time are placing it under intensive pressure to “perform.”

“The increased risk environment has visibly elevated the role and importance of the information security function to the entire business organization,” says Michal Kopanič, Leader of Financial Services Advisory at PricewaterhouseCoopers. “After years of misalignment, business and IT leaders seem to be starting to think like each other. This year, as we move from 2009 to 2010, may turn out to be a high-stakes ‘coming of age’.”

The Global State of Information Security Survey® 2010 shows that across industries and from the private to the public sector, the downturn has had a major impact on security spending. A few key industry trends from this year's survey include:

- Financial Services
 - This year, fewer financial services respondents predict spending will increase (40 percent in 2009; 46 percent in 2008) yet two-thirds (64 percent) expect spending to either increase or stay the same.
 - For the first time in the history of this survey, the majority of metrics used to track advances in security-related capabilities – across all major security domains, including strategy, structure, people, process and technology – have, by and large, for the financial services industry, not improved.

- Seventy-five percent of financial services respondents have an overall information security strategy in place, compared to 74 percent in 2008.
- Fifty-nine percent of financial services respondents report they conduct threat and vulnerability assessments (unchanged from 2008).
- Also unchanged from 2008 - 61 percent of financial services respondents require employees to complete training on privacy policies/practices.

“It’s hard to avoid the conclusion that the economic ‘freight train’ has impacted financial services companies more than those in any other industry – and largely stopped the global financial services industry’s multi-year investment in security capabilities effectively, if temporarily this year, ‘in its tracks’,” points out Michal Kopanič.

- Health Industries
 - A key priority this year will be addressing a global trend in stiffer requirements for breach notification and specific technical controls.
 - More than 6 out of 10 provider respondents (61 percent) report that their organization does not have an incident response policy to report and handle breaches with third parties handling data.
 - As many countries address the security implications of electronic health record policies, U.S. providers need to address the HITECH Act
 - On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA"). Part of the ARRA, the HITECH Act strengthens and expands the scope of the HIPAA privacy and security rules.
 - As complexity and regulation increase within the industry - with heightened penalties and disclosure requirements for breaches and missteps - U.S. providers will need to understand the financial and operational implications for their organization.
- Utilities
 - Reported incident type levels have declined across all elements, except one: the exploitation of data is now the leading type of incident.
 - Utility companies have advanced their security and privacy capabilities in the past year in areas including strategy, security leadership, privacy-related assessments, and integration.
- Public Sector
 - Today a new generation of government employees is accessing social networks from work in great numbers, often without the knowledge of the IT department – and in circumvention of the traditional countermeasures employed by many. Some organizations have moved quickly to close this gap – but most need to do more – only 35 percent of government agencies have security technologies in place that support Web 2.0 exchanges.
 - In the U.S., advancing cyber security and private/public partnerships are additional emerging priorities.

While the “full damage report” for 2009 is not yet clear, the survey finds that business impacts such as financial losses, compromises to brand or reputation, and loss of shareholder value, have increased.

Global Trends

The survey reveals that North American and Asian security practices are no longer on par with one another, as was reported in last year’s survey. Asian respondents are far more likely than their North American colleagues to estimate that spending on security over the next year will either increase or stay the same (73 percent vs. 59 percent). South America also shows

advances this year – 81 percent of respondents report they will increase spending or stay the same compared with 50 percent in Europe.

The study reveals that information security is a priority for organizations in China. More than 8 out of every 10 Chinese respondents expect information security spending to either increase or stay the same over the next 12 months – a higher score than nearly every other country in the world.

“As China muscles its way through the economic downturn, its security capabilities have stepped nimbly ahead of India’s – in a dramatic shift from last year’s trend –and, in the same one-year sweep, ahead of those in the U.S. and most of the world,” says Bob Bragdon, Publisher, CSO.

Looking Ahead

Survey results reveal that companies are placing high expectations on initiatives that take a strategic, risk-based approach. “This year, the message isn’t new or different. It’s just more urgent,” suggests Michal Kopanič. Organizations that want to “get it right” should be focusing on the following key issues:

- Protecting data elements - a top priority
 - The number of respondents who say their organization has a data loss prevention (DLP) capability in place has leapt this year – from 29 percent in 2008 to 44 percent in 2009.
- Addressing the risks associated with social networking
 - Four out of every ten respondents report that their organization has security technologies that support Web 2.0 exchanges, such as social networks, blogs, and wikis.
- Cloud computing is “on the table”
 - While IT virtualization is a growing priority, only one out of every two respondents believes that it improves information security.

Michal Kopanič emphasizes, “If 2010 proves to be a ‘trial by fire’, these strategies will be enormously valuable – not just in limiting damages to assets and reputations and mitigating risks but also in positioning companies for the recovery period and stronger business performance in the years ahead.”

To learn more about the survey, including industry specific highlights and further regional information, please visit www.pwc.com/giss2010.

METHODOLOGY

The Global State of Information Security 2010 is a worldwide security survey by PricewaterhouseCoopers, *CIO* magazine and *CSO* magazine. It was conducted online from April 22 to June 15, 2009. Readers of *CIO* and *CSO* magazines and clients of PricewaterhouseCoopers from around the globe were invited via email to take the survey. The results discussed in this report are based on the responses of more than 7,200 CEOs, CFOs, CIOs, CSOs, vice presidents and directors of IT and information security from 130 countries. Thirty-one percent (31%) of respondents were from North America, 27% from Asia, 26% from Europe, 14% from South America, and 2% from the Middle East and South Africa. The margin of error is $\pm 1\%$.

NOTE TO EDITORS: Please reference the study as “The 2010 Global State of Information Security Study®, a worldwide study by *CIO*, *CSO* and PricewaterhouseCoopers.” Source line must include *CIO* magazine, *CSO* magazine and PricewaterhouseCoopers. Survey results will be covered in-depth in the October 15th issue of *CIO* magazine and the November issue of *CSO* magazine. The coverage will be available online at www.cio.com and www.csoonline.com. Information about the survey will also be available at www.pwc.com/giss2010.

About CIO and CSO Magazines [have they updated this?]

CIO and CSO magazines are published by CXO Media Inc., producer of award-winning media properties, executive programs and the CIO Executive Council for corporate officers who use technology and security to thrive and prosper in this new era of business. The CIO portfolio includes CIO.com, CIO magazine (launched in 1987), CIO Executive Programs and the CIO Executive Council. CIO properties provide business technology 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 more than 200 awards to date, including the Top B-to-B magazine since 2000 from American Society of Business Publication Editors, 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.

Launched in 2002 the CSO portfolio includes CSOonline.com, CSO magazine and CSO Executive Programs. The properties provide chief security officers (CSOs) in the public and private sectors with analysis and insight on security trends and a keen understanding of how to develop and implement successful strategies to secure all business assets—from people to information and financial value to physical infrastructure. The U.S. edition of the magazine and website are the recipients of more than 100 awards to date, including the Top B-to-B magazine since 2000 and Magazine of the Year award from the American Society of Business Publication Editors as well as the Grand Neal from the Jesse H. Neal National Business Journalism Awards. CXO Media is a subsidiary of [International Data Group](http://InternationalDataGroup.com) (IDG).

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