

CYBER RISKS

A NEW REALITY – AND PRIORITY

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The recent controversy around the intelligence work in several Western countries underscores the growing threat of cyber risks for governments, individuals, and companies. Like many companies, national agencies are – with tremendous capabilities and resources, as well as broad legal coverage and tolerance – accumulating user-generated data, applying algorithms, and condensing it into information. The difference is that agencies are searching for terrorists. By contrast, big digital services providers are taking the information to improve their business models and to target customers ever more precisely.

It isn't easy to address cyber threats without setting off a cascade of potential undesirable results. Technological progress and related data mining will not stop. Therefore, our capabilities to cope with cyber threats and to adjust to new rules must be integrated into our social knowledge. In the long term, the handling of data needs to become an important part of our society's education.

More immediately, companies need to make cyber risk evaluation and mitigation a higher priority not only for their own benefit, but also for the sake of their customers. Banks need to protect their systems and secure their networks and data against unauthorized access and phishing. Energy companies must safeguard their grids from blackouts induced by cyber attacks and protect smart-meter client data so that it cannot be used against their customers. Even car manufacturers must grapple with the new reality. As their cars become more

“connected” and “intelligent,” they are more at risk of hostile takeover if these interfaces are not sufficiently protected.

Cyber risks cannot be tackled in isolation since they manifest themselves on multiple levels. As a result, they need to be addressed as part of an integrated security and risk framework. Security architecture and encryption must become a fundamental part of every company's IT risk management, business continuity planning, and product design.

Even if this imposes new barriers to interoperability and cooperation with vendors and service providers, the associated costs are still cheaper than facing a potential disaster situation. The risks posed by cyber threats have the potential not only to spiral out of control in terms of costs to the bottom line; more importantly, they may present a threat to lives.

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