

REPORTING ON THE FINANCIAL IMPACTS OF CYBERCRIME



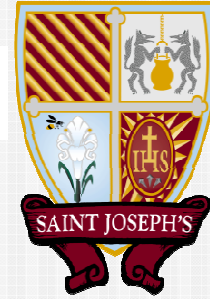
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CYBERCRIME FINANCIAL DISCLOSURE

MOTIVATION FOR THIS RESEARCH



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This is *really* easy to explain . . .



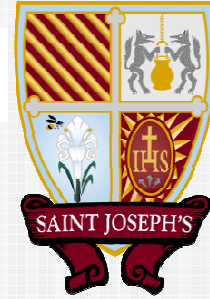
Cybercrime events/costs/losses are mounting.

Transparency demands disclosure.

The SEC suggests reporting is needed.

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METHODOLOGY FOR THIS STUDY



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Selecting a manageable sample of firms

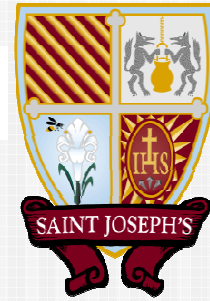
Determining a time period for study

Choosing a disclosure venue focus

Defining a search routine

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INDUSTRY—SAMPLE—TIME PERIOD



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Industry focus—U.S. retail merchandising

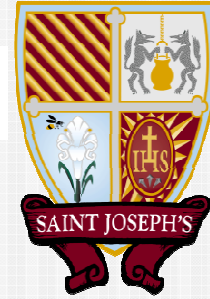
Firms with 2010 sales > \$1 billion

Study firms totaled 117

Years: 2010-2014

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FORM 10-K CONTENT SEARCH

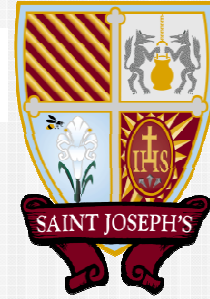


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Search Terms/Phrases

- **Computer crime**
- **Cyber attack**
- **Cyber crime**
- **Cybersecurity**
- **Data leakage**
- **Identity theft**
- **Internet fraud**

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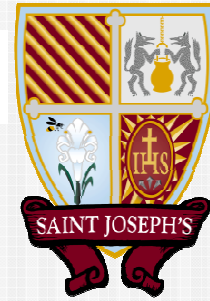
OUTCOMES: DISCLOSURES FOUND

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Separate Disclosures Found by Year

| | |
|-------------|-----------|
| 2010 | 14 |
| 2011 | 28 |
| 2012 | 37 |
| 2013 | 58 |
| 2014 | 53 |

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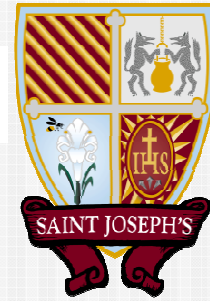
OUTCOMES: DISCLOSURES FOUND

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Firms Making Disclosure by Year

| | |
|------|----|
| 2010 | 11 |
| 2011 | 20 |
| 2012 | 23 |
| 2013 | 33 |
| 2014 | 37 |

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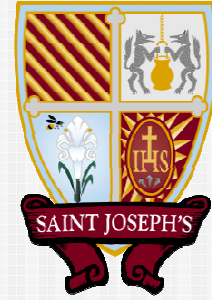


CONCLUSIONS

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- There is *very* limited disclosure of cybercrime and cybersecurity risk in the industry studied.
- The SEC action *suggesting* that cybersecurity risks be disclosed seems to have been *ignored*.
- As has been found in many prior studies, calls for voluntary financial disclosures and reporting basically go unheeded.

Thanks for Your Attention!



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Comments

and



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Want to contact the author about this research?

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