

NEW IDC REPORT PRESENTS THE CASE FOR RISK MANAGEMENT ASSESSMENTS AS A MEANS OF DEMONSTRATING RETURN ON SECURITY INVESTMENT

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Only 13% of businesses admit they track the value of their IT security investments

A whitepaper by market intelligence and advisory firm IDC, sponsored by Cable & Wireless and Nokia, urges businesses to recognise the value of IT security not just as a cost but as a way of persuading stakeholders that risk is being managed effectively. Despite a high level of boardroom interest in IT security decisions, only 13% of businesses attempt to demonstrate the value of IT security expenditure by actively tracking its return on investment (ROI).

In a survey of 100 CIOs, CTOs and IT Directors to evaluate the changing perceptions of IT security in a business, IDC discovered conflicting views about its value:

- 71% of respondents said IT security decisions have a 'medium to very high' level of board involvement;
- At the same time 90% place IT security in their list of top five IT priorities;
- Despite this prominence, IT security is not considered a business investment with only 13% of the group actively tracking its ROI;
- Only 15% of respondents place IT security in the 'risk management' domain suggesting a low understanding of the impact of IT security on a company's risk management strategy.

"Risk management assessments are becoming an increasingly important way of measuring a company's success due to the growing focus on corporate governance and management accountability," said Gordon Morris, analyst, IDC. "Now that IT is firmly recognised as a business enabler, with IT security commanding the highest priority, taking a risk management approach to prove the value of IT security provides companies with a meaningful way to measure its business benefit. Many organisations try to do this with direct ROI models, but this fails to reflect the business value provided by an effective security policy."

The whitepaper also examines the value of outsourcing to help mitigate risk in IT. IDC's research found that fewer than 10% of respondents outsource any of their IT security functions. However, the whitepaper recommends that by partnering with third party experts, companies gain a level of expertise in IT security that would be expensive to replicate internally. In turn, this expertise demonstrates proactive risk mitigation to an organisation's stakeholders.

Ionut Ionescu, director of security services, Cable & Wireless, said, "If an organisation takes a risk management approach to IT security it can demonstrate measurable benefits to the business. Furthermore, an outsourced IT security service provides assurance to all the company's stakeholders that the full range of risks are understood and being managed most effectively – this doesn't mean 'handing over the keys to strangers' but working in partnership with experts for the best result."

Andrew Steggle, marketing director, EMEA, Nokia Enterprise Solutions, added, "Businesses have a

responsibility to all their stakeholders, including board members, shareholders, insurers, customers, partners and employees, to demonstrate that their risks, including IT risks, have been fully mitigated. By doing so a business will find it easier to secure insurance cover, attract institutional investment, recruit and retain customers and prove the case for internal investment enabling the business to grow.”

Although a minority of those surveyed already measure the benefits of IT security, IDC believes that they are the vanguard of a swing in attitude. This is backed up by the 6% of respondents that placed responsibility for IT security as a joint partnership between risk management and IT departments. This mirrors IDC’s recommendation suggesting that the responsibility for IT security lies somewhere between the two separate departments requiring their combined expertise when planning and implementing an IT security policy.

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