

# O T T A W A BUSINESS JOURNAL

The power to build business

## Cyber crime costs companies more than half a million yearly: study

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Security breaches like the major Internet threat unveiled last week are costing publicly traded Canadian companies an average loss of more than \$637,000, a new study has revealed.

The report, released by TELUS in partnership with the Rotman School of Management, said data security breaches not only require companies to spend money on beefing up safeguards against hackers, but also damage companies' reputations and hurt customer confidence.

"IT security is a C-suite-level business issue," said Rotman professor Walid Hejazi in a statement. "The damage to brand and customer confidence can last a very long time, as our study shows, while direct costs are significant and measurable. Simply put, our study clearly shows that lacking the ability to collect and store information safely will severely limit the success and growth potential of any business."

The report said a similar pattern is occurring among public companies in the United States, where the average bill for data security breaches more than doubled to US\$345,000 in 2007 from \$167,713 a year earlier.

The government and private sector aren't immune to the cost of cyber crime either; the study estimated that government organizations suffer a loss of approximately \$320,000 per organization, while the cost to private companies is \$294,000 a year because of IT breaches.

The study also noted that IT companies, health-care and financial institutions perform slightly better than average in terms of their security performance.

The report was based on the answers of 300 Canadian businesses.

