

What is the Cost of a Data Breach?

December 7, 2018 - Most businesses know that the cost of a data breach can be substantial, but for some reason, many still fail to use the proper safeguards to protect their customer data. While it can be difficult and expensive for smaller businesses to implement the latest security protocols, you would think that larger corporations wouldn't face the same issues. Yet, data breaches continue to occur. And according to the Ponemon Institute's 2018 study, the costs continue to rise and are easily quantifiable.

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The average cost of a data breach has risen to \$3.86 million. That comes to \$148 per record included in any breach. So, if you want to know how much a breach is likely to cost you and your business, simply multiply the number of customer records you have by \$148; up 6.4% from 2017.

A \$3.86 million data breach is actually relatively small; amounting to 26,000 records. Contrast that with Marriott's recently announced data breach on its Starwood reservation system. That breach may have involved as many as 500 million customer records. A breach that size has the potential to bankrupt a company.

The study does contain some very interesting data. For instance, companies that contain breaches quickly save substantial amounts of money. Breaches contained within 30 days saved companies more than \$1 million compared to breaches that took more than 30 days to contain. But the chances of quick containment appear to be slim. The mean time it took companies to discover a breach was 197 days and the mean time to contain a breach after discovers was 69 days.

The bottom line here is that cheaping-out on data security could be a very costly mistake for any business. For smaller businesses, a large data breach can easily lead to insolvency. Saving a few dollars on hosting simply isn't worth the risk if you are storing large amounts of personally identifiable information.

by Jim Malmberg

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