

Executive Alliance

Trust, Reputation and Data Security & Privacy

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May 14, 2015



“The number one potential liability for a company during and following a data breach is its reputation. Legal risks can largely be managed, and often rise and fall with how well a company manages its reputation and how much people trust it to do the right thing.”

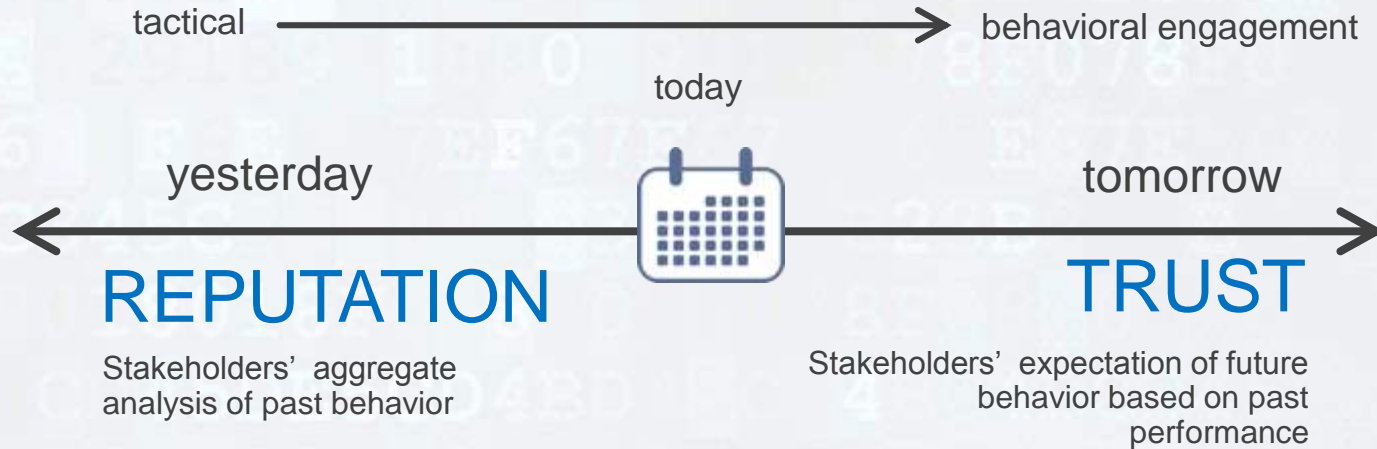
- David Zetoony , Partner & Leader of Bryan Cave’s global Data Privacy and Security Practice

Trust as a business asset

There is no business objective which can not be aided by trust and positive reputation or hindered by their absence.

They are vital to the very definition of business value.

Two related, but **different**, critical success factors



REPUTATION reflects how stakeholders feel about you **today** ... while **TRUST** inherently facilitates how they will act with – and for – you in the **future**.



The State of Trust

Edelman's 15th Annual Trust Barometer Methodology



Online Survey in 27 Countries

- 33,000 respondents
- 7 years in 20+ markets
- 10 years in 10+ markets



General Online Population

- 1,000 respondents per country surveyed
- Ages 18+
- 4 years in 25+ markets

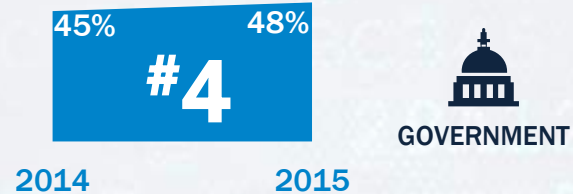
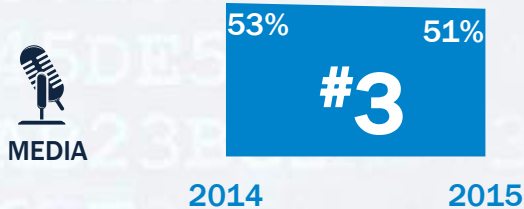
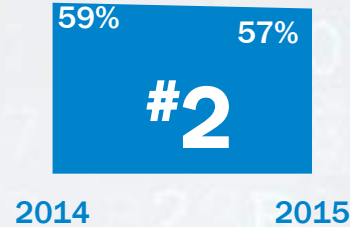
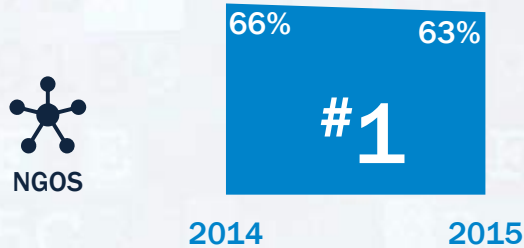


Informed Public

- 500 respondents in U.S. and China, and 200 in other countries
- Ages 25-64
- College-educated
- In top 25% of household income per age group in each country
- Report significant media consumption and engagement in business news and public policy
- 15 years of data

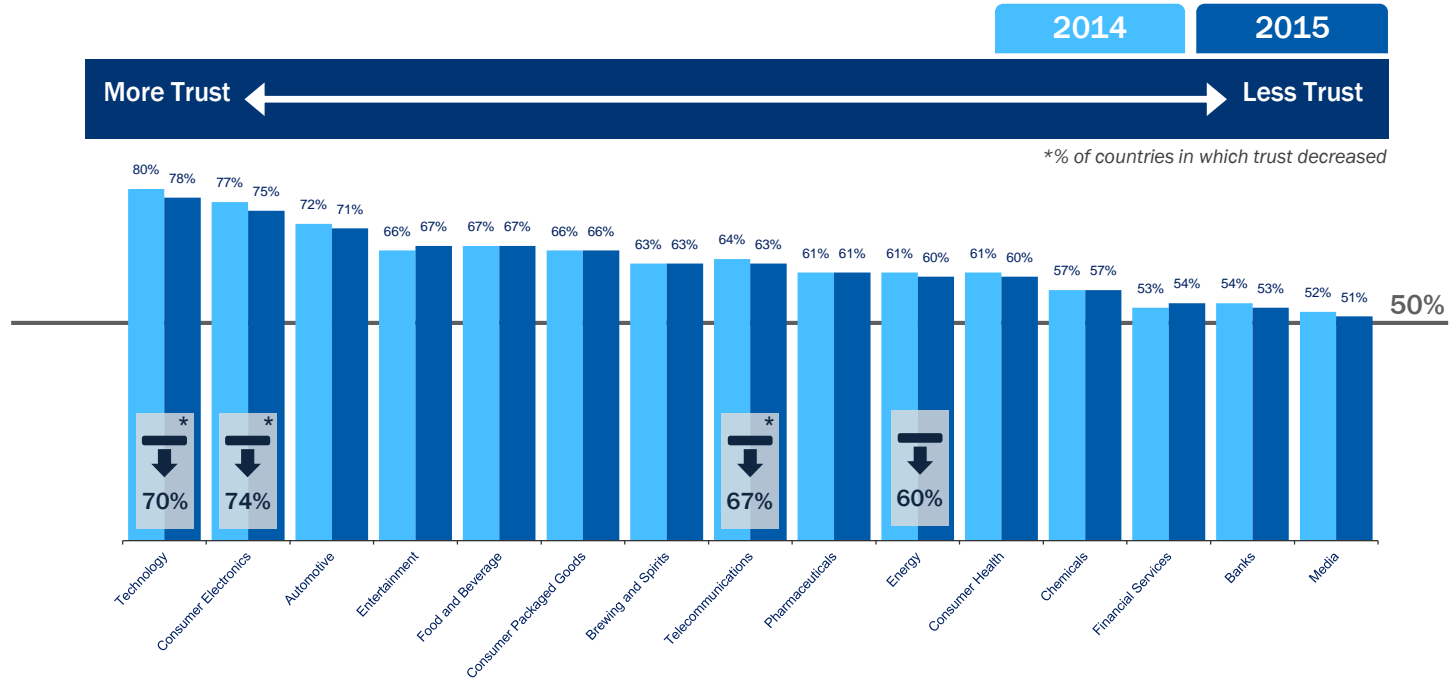
Trust is evaporating

TRUST IN THE FOUR INSTITUTIONS OF GOVERNMENT, BUSINESS, MEDIA AND NGOS, 2014 VS. 2015



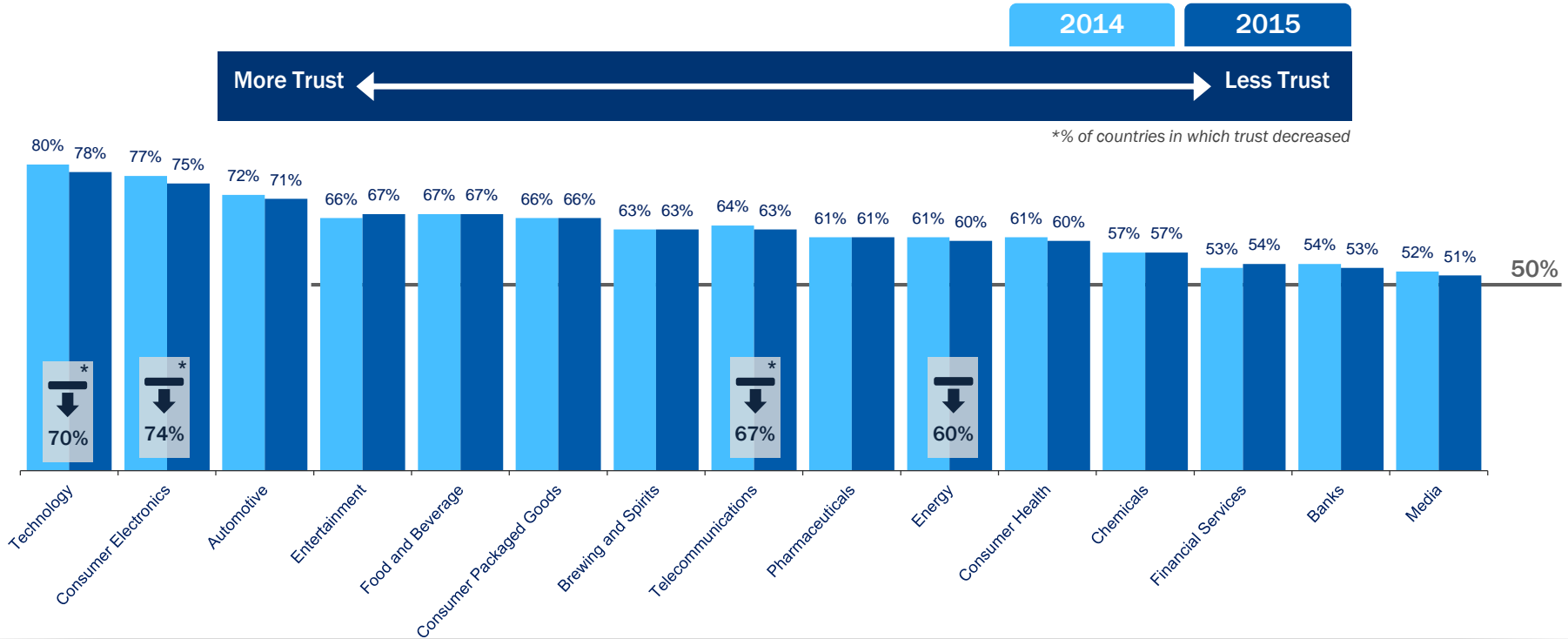
Industry Sectors: Technology-based Industries Decline

TRUST IN INDUSTRIES 2014 VS 2015, DECLINES COMPARED TO 2014



Industry Sectors: Technology-based Industries Decline

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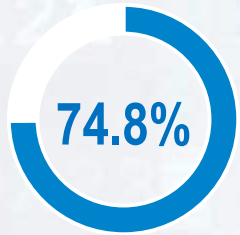


Q43-60. [TRACKING] Please indicate how much you trust businesses in each of the following industries to do what is right. Again please use the same nine-point scale where one means that you “do not trust them at all” and nine means that you “trust them a great deal.” (Top 4 Box, Trust) Informed Publics, 27-country global total.



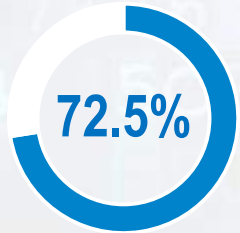
Where Trust, Reputation and Cybersecurity Collide

Security critical to customer's trust



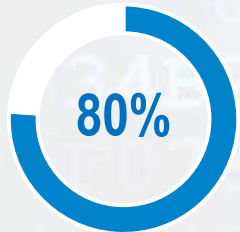
of U.S. consumers worry about the security of their personal information.

Temkin Group "Consumer Benchmark Survey", May 5, 2014



of U.S. consumers don't believe organizations care about their private data and keeping it safe and secure.

HyTrust Inc., the Cloud Security Automation Company, March 2014

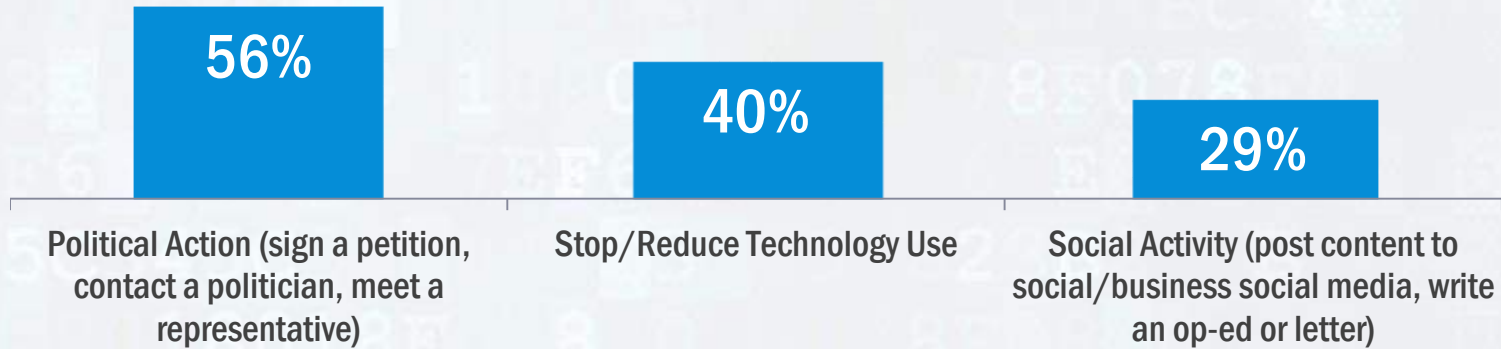


of global consumers believe failure to keep customer information secure has a significant negative impact on trust in a company

2014 Edelman Trust Barometer: Financial Services Industry

Actions your customers will take when you falter

Proprietary study conducted by Edelman in 2014 found...



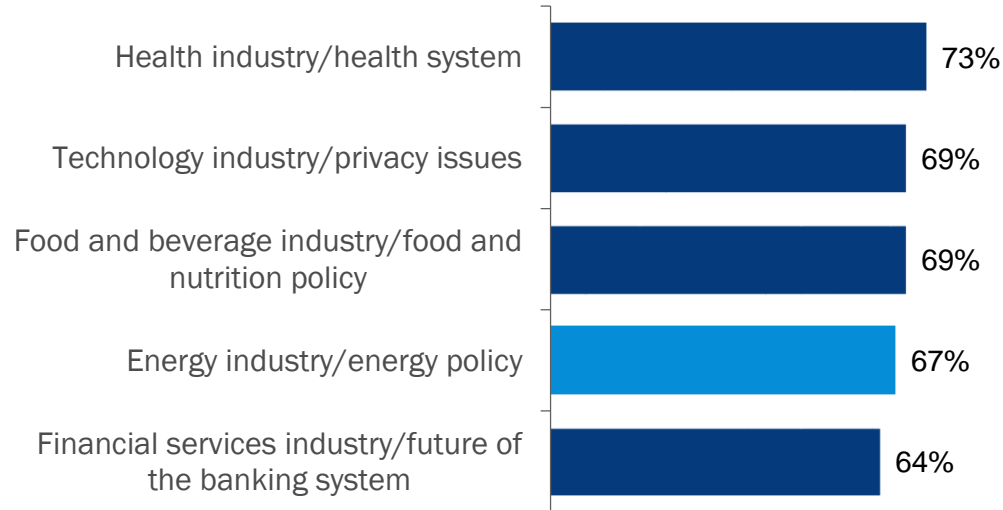
46% believe government should regulate industry more

Q263. When it comes to government regulation of the energy industry, do you think that your government regulates it too much, not enough or the right amount? General Population, 27-country global total and across 27 countries .

Regulation: Consumers Want Industry Active In The Debate

PERCENT WHO AGREE WITH THE INDUSTRY SECTOR BEING MORE ACTIVELY INVOLVED IN TOPIC OF DEBATE

69% agree:
When policymakers are developing new regulations, they should consult with multiple stakeholders





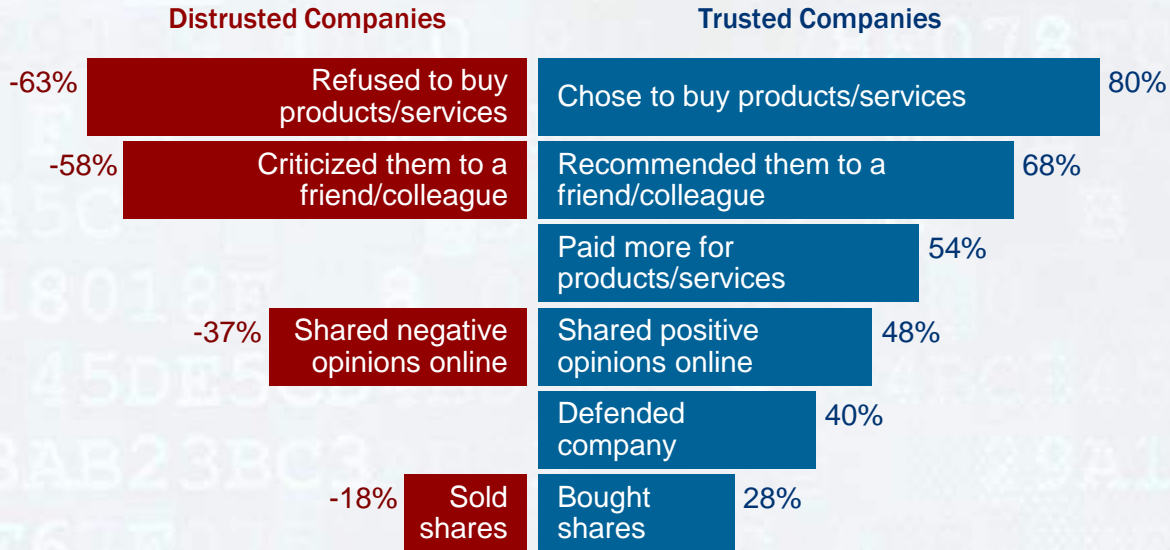
**We Must Build
Trust**

Trust has tangible benefits

BEHAVIOR BASED ON TRUST



Informed
Public



16 KEY ATTRIBUTES TO BUILDING TRUST

Edelman Trust Barometer research reveals **16 specific attributes** that build trust.

These can be grouped into **five performance clusters** listed here in rank order of importance.

INTEGRITY

- Has ethical business practices
- Takes responsible actions to address an issue or crisis
- Has transparent and open business practices

ENGAGEMENT

- Listens to customer needs and feedback
- Treats employees well
- Places customers ahead of profits
- Communicates frequently and honestly on the state of its business

PRODUCTS & SERVICES

- Offers high-quality products or services
- Is an innovator of new products, services or ideas

PURPOSE

- Works to protect and improve the environment
- Addresses society's needs in its everyday business
- Creates programs that positively impact the local community
- Partners with NGOs, government and 3rd parties to address societal needs

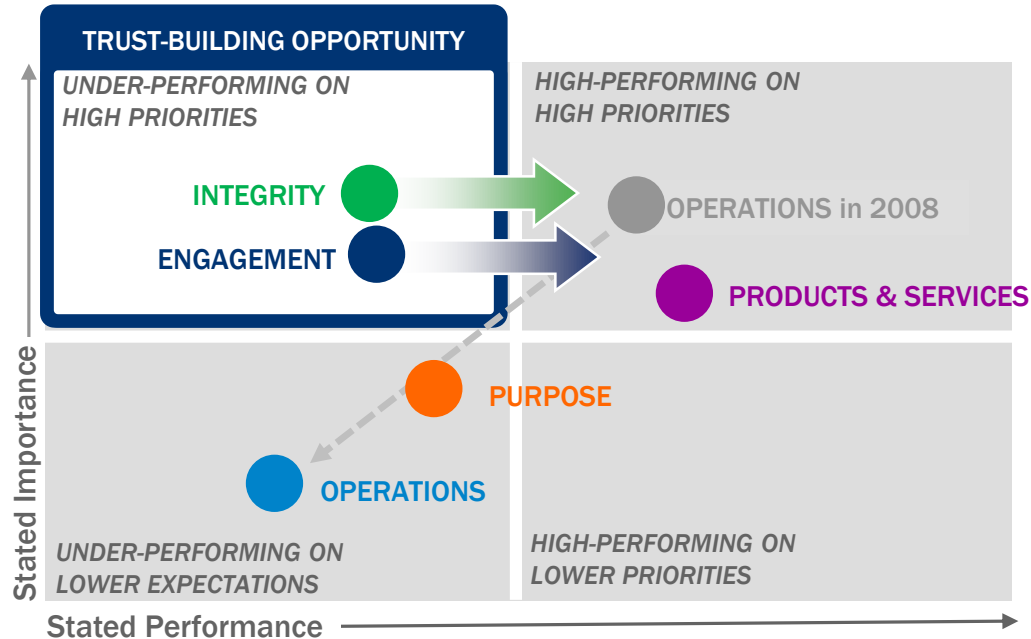
OPERATIONS

- Has highly-regarded and widely-admired top leadership
- Ranks on a global list of top companies
- Delivers consistent financial returns to investors

Q80-Q95. [TRACKING] How important is each of the following actions to building your trust in a company? Use a nine-point scale where one means that action is “not at all important to building your trust” and nine means it is “extremely important to building your trust” in a company. (Top 2 Box, Very/Extremely Important) Informed Public, 27-country global total.

Engagement And Integrity: Priority Areas For Companies To Build Trust

STATED IMPORTANCE VS. STATED PERFORMANCE ON 16 TRUST ATTRIBUTES - GLOBAL

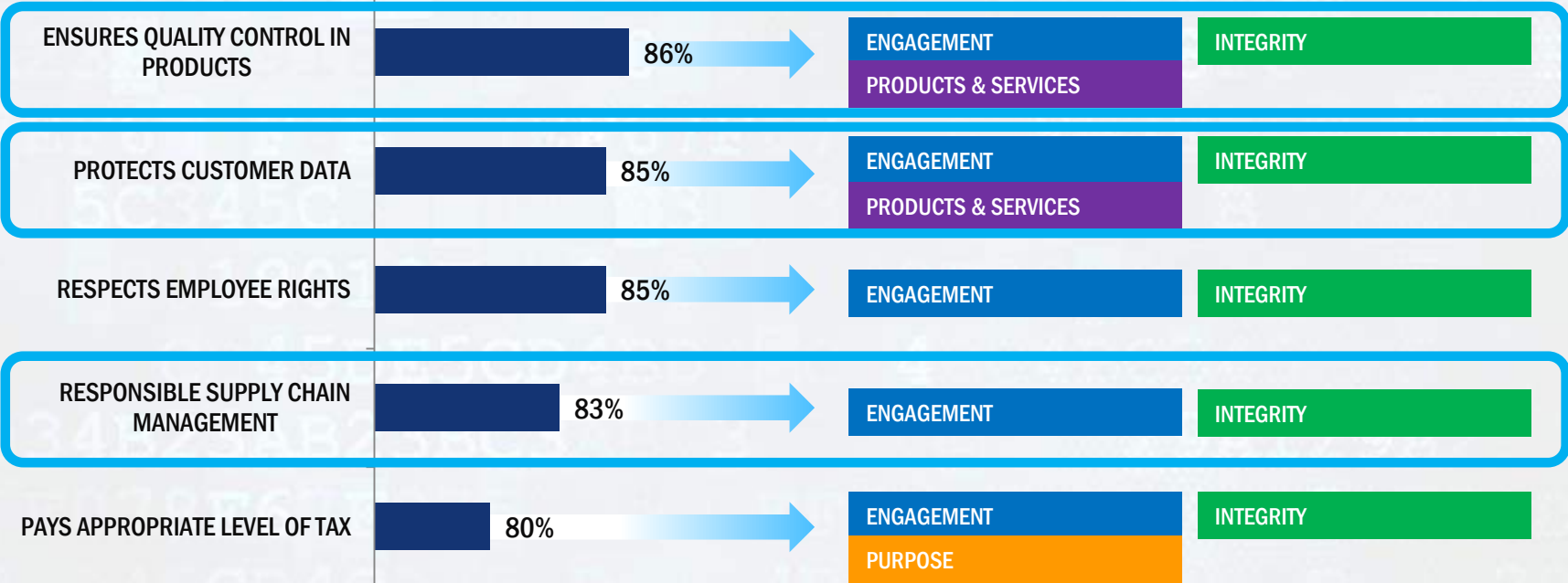


Q80-Q95. [TRACKING] How important is each of the following actions to building your trust in a company? Use a nine-point scale where one means that action is “not at all important to building your trust” and nine means it is “extremely important to building your trust” in a company. (Top 2 Box, Very/Extremely Important) Informed Public, 27-country global total. Q114-129. Please rate businesses in general on how well you think they are performing on each of the following attributes. Use a nine-point scale, where one means they are “performing extremely poorly” and nine means they are “performing extremely well.” (Top 2 Box, Performing Extremely Well) Informed Public, 27-country global total.

Behaviors impact trust

If companies exhibit these positive behaviors...

...it will have its greatest impact in these clusters



Trust-building Behaviors: Where Industry Sectors Are Falling Short

GAP IN IMPORTANCE OF BEHAVIORS IN BUILDING TRUST VS. PERCENT WHO AGREE EACH INDUSTRY IS PERFORMING WELL AGAINST THESE BEHAVIORS

Point gap between importance and performance

	Financial Services	Energy	Food & Beverage	Health	Technology
Makes me feel connected to something bigger	20	19	18	17	7
Develops intellectual property	21	18	16	13	2
Supports local charities and good causes	23	23	18	20	20
Is transparent in reporting progress on company's social responsibilities	27	27	25	25	20
Embraces sustainable business practices	25	24	21	22	18
Makes my life easier	21	14	14	16	4
Keeps me and my family safe	27	22	23	16	18
Protects customer data	24	26	26	22	22
Ensures quality control	28	24	19	20	14
Average Gap	24	22	20	19	14

Q335-343. How important is each of the following factors to building your TRUST in a company? Use a 9-point scale where one means that action is "not at all important to building your trust" and nine means it is "extremely important to building your trust" in a company. (Top 4 Box, Trust) General Population, 27-country global total. Q344-348. How well do you think the [INSERT SECTOR BEING RATED] industry is performing on the behaviors listed below. Use a 9-point scale where one means they are "performing extremely poorly" and nine means they are "performing extremely well". General Population, 27-country global total and across 27 countries .



The Key to Moving Forward

... a period of profound transformation

Boardroom from
backroom

Communicate &
engage

When, not if

Take collective
action

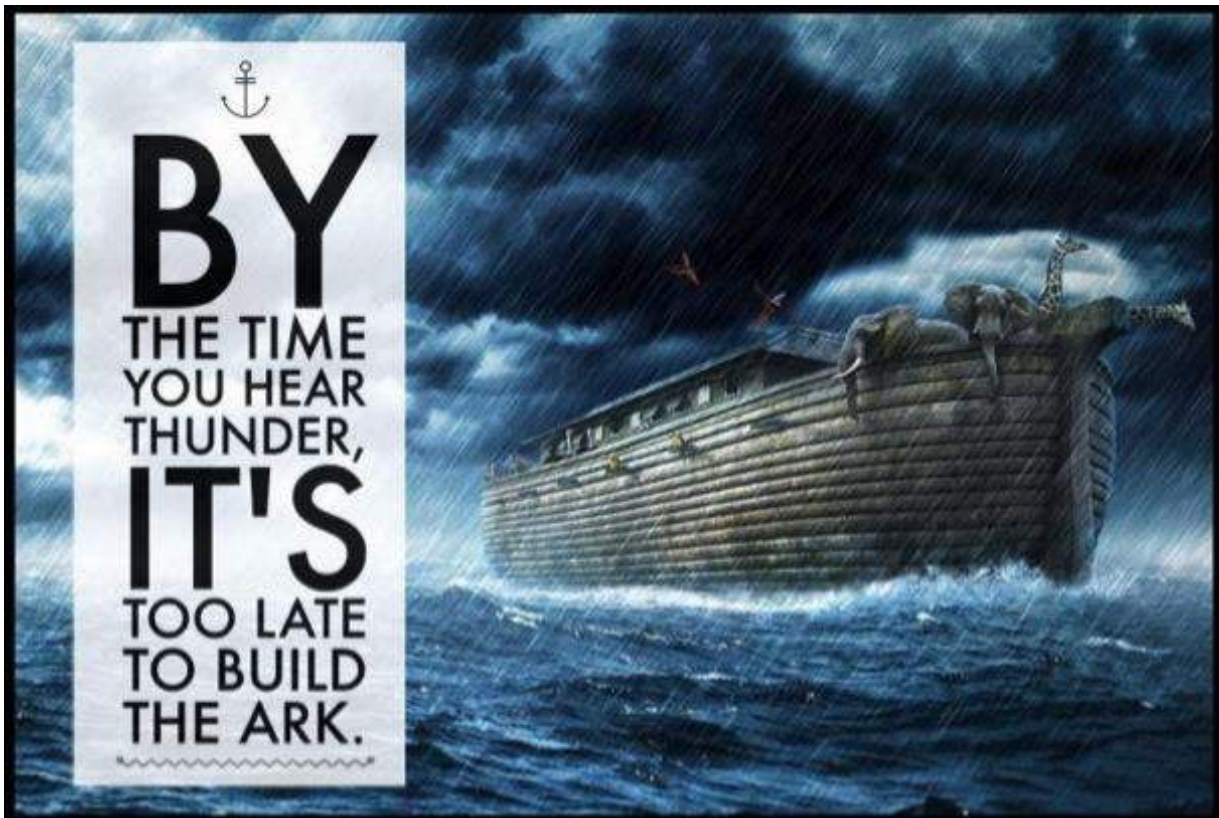


What Companies Need to Know Before It Happens

What is the main factor in how well a company will manage a data security incident?



BY
THE TIME
YOU HEAR
THUNDER,
IT'S
TOO LATE
TO BUILD
THE ARK.



“An ounce of preparation is worth a pound of cure.” – Benjamin Franklin

- The average data breach in the United States costs an organization more than \$5.4 million in investigations, customer notification, lost business and reputation management.
- Organizations with an “incident response plan” at the time of their breaches saw an average cost that was **\$17 per record less** than the national average per compromised record.

Why is managing reputation such an important part of the data security response process?

Reputation Matters

The majority of consumers are already concerned about the idea of data breaches, so managing the message effectively is crucial to maintaining a company's reputation.

A well prepared company may actually enhance their reputation during a well handled crisis



What are some best practices for preparing for a data security incident event?

Preparation is Key

Proactive steps to take:

- 1 Identify internal and external crisis team
- 2 Develop communications chain of command for multiple scenarios
- 3 Meet your state's legislators, regulators and policy makers
- 4 Determine your lobbying, forensics and legal firm before a crisis
- 5 Conduct a mock crisis situation
- 6 Keep the team lean and empower a decision-maker

What are some of the areas where companies tend to struggle during a data security incident?

The early bird doesn't always catch the worm.

Move quickly, but remember that going out with information too early can hurt an organization in a data breach

- Resist communicating numbers early in the investigation
- Be careful of claiming the issue is fully resolved
- Focus initial messages on the steps being taken to investigate the issue

“Facts” are very fluid (Michaels first two forensics firms found nothing before a 3rd found 2.6 million records breached - so rushing public statements can result in several bad outcomes for a company:

- Inaccurate dissemination of information
- Compromising more data
- Damaging company reputation further by breaking trust again

What are some considerations when dealing with a live data security incident?

Managing the Message

Communications Response

- **Customers must be your north star** so make sure that you communicate with them clearly and effectively through traditional and digital channels.
- However, don't neglect the wide variety of stakeholders interested in breaches including policymakers, regulators (state and federal) and industry stakeholders (eg. payment brands)
- Be lean, but integrate legal, IT, PR and business group into communications planning
- Think through what you push out via social media
- Media train executives
- Set up the appropriate media/social monitoring and listening posts
- Develop a long-term reputation recovery strategy, versus treating it as an isolated incident




What should be communicated to internal audiences?

Employees are your most credible spokespersons, keep them informed



What types of incidents should companies be concerned about?

Are there any particular nuances as to how they respond?

Threat	Overview
 <p>Payments</p>	<p>Steal payment data to sell on the black market; typically done via malware or direct attacks on web infrastructure</p>
 <p>DDOS / DOX</p>	<p>Denial of Service attack disrupts the availability of a website or internet service. DOX exposes personal information to cause difficulty or embarrassment of an orgs leadership.</p>
 <p>Personal Health Info (PHI) Loss</p>	<p>Loss of patient health information that brings federal regulatory demands for notification. Considered by consumers to be some of the most sensitive info that can be lost.</p>

Threat	Overview
 <p>Product Vulnerability</p>	<p>Security vulnerability or misconfiguration is found in a network enable device or online service (bug). The severity is dependent upon the application of the device.</p>
 <p>IP Loss</p>	<p>Competitive advantage typically conducted by rouge nation-states.</p>
 <p>Personally Identifiable Info (PII)</p>	<p>Loss of customer/employee information (e.g. DOB, SS#, etc.) that brings different state regulatory demands for notification. Can cause significant difficulty for those affected due to time intensive remediation.</p>

What can companies do to repair their reputation after an incident?

Brand Recovery

From a business perspective, the goals are clear:

- Protect client relationships through the initial forensics report and subsequent industry dialogue.
- Respond swiftly to client concerns, reinforcing the company commitment to data security and citing improvements already underway.
- Chart an operational course to help inoculate the company from future risk.

Strategies:



Creating a consistent, credible story about company's strengths, areas for improvement and commitment to excellence in data security.



Setting a sustained course to build awareness, comprehension and thought leadership for the company and its executives.



Maximizing our efforts through an engagement model that crosses multiple channels, drives message penetration across audiences and leverages third parties for credibility, where applicable.

Brand Recovery

Tactics:

- Develop a message framework that will and address information security to demonstrate the company's commitment to setting a new standard for security within the industry
- Establish relationships with information security industry influencers, including NGOs, media, industry experts, etc.
- Partner with a group such as the RILA, the Ponemon Institute or many others
- Leverage existing industry events and their attendees as expanded platforms for the company to demonstrate it's commitment to information security
- Create content whether it's in the form of bylines/op-eds, infographics, Q&A series, videos, etc.
- Develop an expert positioning document that can be easily shared, identifying individuals as thought leaders to key media



Thank you

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david.chamberlin@edelman.com