Hot Topics for Directors in 2016

NACD Texas TriCities - Austin - 02.25.16

Cybersecurity as a Risk Management Protocol

Emphasizing the Director's Role in Assessing and Addressing These Risks

Lessons Learned: Case Studies / Best Practices

Cybersecurity: Boards' top agenda item
Focus: Cyber risk reduction
Preparedness: 2 elements (Proactive + Reactive)

Cybersecurity: Context 2016

- National Security issue: $500B - $5T each year *(one third of U.S. GDP) BLACKOPS Partners Board*
- "The Cybersecurity Industry is Fundamentally Broken" *RSA President*
- "Cyber Crime is the Greatest Threat to Every Company in the World" *IBM CEO*
- "The Greatest Transfer of Wealth in History" *NSA and U.S. Cyber Command former Director*
- 11% average annual IT budget increase / 400% increase in data breaches in 2015 / 90% breaches not included / 95% data breaches caused by human intervention
- Increasing breach incidents and severity: increased board exposure
- Accelerated organizational, personal, financial and reputational risk

Proactive Measures - Risk reduction - Risk mitigation - Case Studies

Board Risk: Personal - Company - Shareholder
'Active Oversight' - Protect shareholder value: revenue, profit, trade secrets, innovation
Regular board awareness and action briefings with active intelligence
Board: third-party retainer / fulfills SEC requirement
CyberLaw
Board Hygiene and Cyber assessments
Organization: Ongoing Awareness Certification
Cybersecurity SOP & Insider Threat Program
Include contractors, vendors, supply chain
Documented cybersecurity plan
Documented breach (Tabletop-TTX) exercise

Reactive Measures

Board: third-party, unbiased *(no products)* cyber advisor retainer
Enact breach response: It will happen
Reaction time and message proven critical to protecting brand (reputational) and financial risk
Include entire supply chain

Key Takeways

- Board's 'Active Oversight' role
- Effective risk reduction must be proactive
- Must be a company-wide effort: no longer an IT-only issue
- Ongoing preparedness: both Proactive and Reactive
- Never assume your organization is safe
- Stay current on Cybersecurity issues at the Board level
- Take corrective action: policy change, culture change, funding allocation

Director Cyber resource: 'Follow Us' on LinkedIn for current board Cyber coverage feed
https://www.linkedin.com/company/blackops-partners-corporation?trk=company_logo

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