



# MANAGE CYBER RISK PRIVATE EQUITY INTO POSITIVE EQUITY

**Cyber security issues are becoming a day-to-day priority for all businesses across the globe. For private equity firms specifically, cyber risks are changing the way investment choices are made, portfolios are managed and companies are exited.**

Understanding how to approach cyber security due diligence can feel daunting; yet ignoring this critical element of due diligence can be material in terms of financial loss, reputational damage and increased Board and shareholders' concern.

Being on the receiving end of a cyber breach can result in a variety of outcomes, including damage and destruction of data, loss of productivity, theft of intellectual property, theft of personal and financial data, embezzlement, fraud, and irreparable reputational damage.

Most private equity-owned firms are in the mid-tier and according to a 2018 Gartner survey, over 40% of these organisations have no cyber security experts.

This is a concerning statistic, as the National Cyber Security Centre (a part of GCHQ) confirmed in their 2018 Annual Review that it had dealt with cyber incidents at a rate of more than 10 per week.

A recent study by Ponemon Institute showed that in the immediate aftermath of a cyber or data incident, companies see an average of 5% loss in share value and following that, the average permanent damage is around 1.8%.

A classic example of this is Verizon's acquisition of Yahoo in 2016; after news of Yahoo's data breach, the sale price was re-negotiated downward by \$350 Million.

Leading industry publication, Infosecurity Magazine, reports that \$2.9 million is lost every minute on the internet to cybercrime, costing the global economy a total of \$1.5 trillion.

## Cyber Due Diligence

Working remotely, we use proprietary software to analyse the maturity of cyber security controls and practices within prospective investments. By providing insight, advice and an understanding of the risks they may be acquiring, we give General Partners confidence ahead of their acquisition.

## Portfolio Management

Aside from acquisition, private equity firms also face the challenge of managing cyber threats to every company in their portfolio. Our software provides our customers with a clear understanding of risk levels across their portfolio, enabling investment directors to prioritise risk management where it is most needed, to obtain the most value and to protect growth.

## Integration

One of the periods of greatest cyber risk is immediately after acquisition, during the integration into an existing portfolio company. Working alongside the acquisition team, our cyber experts analyse security maturity on site, giving detailed best-practice advice, and ensure that security is embedded into all new portfolio partners from the start.

## Lifecycle

Our cyber assessment provides investors and their portfolio companies with the most comprehensive cyber advice available. Working in partnership with our customers we build strategic, practical solutions and aid in their delivery, as well as providing on-going managed security services tailored to each customers' requirements.

## Our credentials

Working with private equity companies, ITC has developed a suite of cyber due diligence and assessment services to clarify, manage and minimise the threats coming from cyber attackers of all types. Throughout the lifetime of an investment we provide our customers with a clear understanding of cyber risk management and ultimately the confidence that their investment is protected.

## Contact us

If you would like to know more about our managed security services portfolio or our market-leading cyber advisory services, visit us at [www.itcsecure.com](http://www.itcsecure.com), call **0207 517 3900** or email us at [enquiries@itcsecure.com](mailto:enquiries@itcsecure.com).

## Why ITC Secure

ITC has over two decades of experience delivering cyber security solutions to organisations in over 180 countries.

At the heart of ITC's cyber services is a London based, 24-hour, manned Security Operations Centre. From this centre of excellence, ITC's teams deliver high quality managed security services to help organisations manage the growing complexity of cyber threats and securely support their digital transformation. With the capability to scale solutions to fit any organisation's cyber maturity level and needs, whether on-premises, in the cloud or both, we simplify complex cyber security management

ITC's cyber advisors support customers from our London and Washington DC offices. Driving cyber security change inside organisations, we help customers understand and solve their security risks, provide independent assessments and trusted guidance that anticipates and simplifies complex cyber security challenges, so organisations can make the right security investment choices.

In addition to these services, we have an international group of senior security specialists, each of whom has held high office in either government or military intelligence services. This capability clearly sets us apart from our competitors in the cyber security arena and is why ITC is chosen to protect some of the world's best-known brands.

ITC is making the digital world a safer place to do business.