

IAPP Privacy Academy 2014

GOODWIN PROCTER



# **COSTS OF A DATA BREACH IN 2014**

# \$5.9 M

U.S. average cost of a data breach

15%

Annual increase in the average cost of a data breach around the world \$201

Average cost paid for each exposed record

Source: 2014 Cost of Data Breach Study: Global Analysis, Sponsored by IBM, Conducted by Ponemon Institute LLC

# **COSTS OF A DATA BREACH**



Average Detection & Escalation Costs

\$510,000

Average Notification Costs

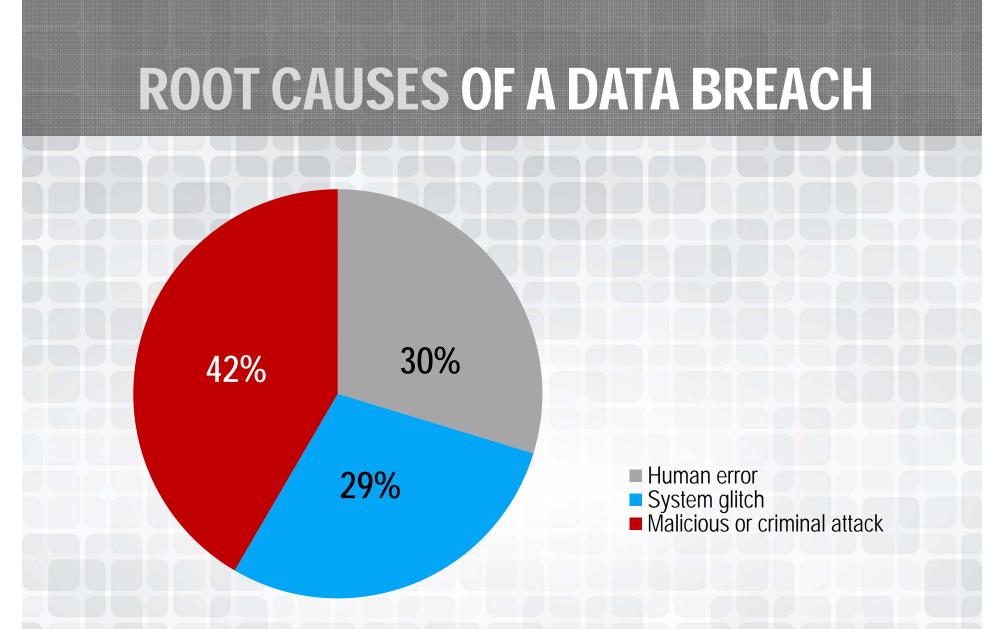


Average Post Breach Costs \$3.2 M

Average Cost of Lost Business

Source: 2014 Cost of Data Breach Study: Global Analysis, Sponsored by IBM, Conducted by Ponemon Institute LLC

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Source: 2014 Cost of Data Breach Study: Global Analysis, Sponsored by IBM, Conducted by Ponemon Institute LLC



Malicious or criminal attack

System glitch \$171

\$246

Human error \$160

Source: 2014 Cost of Data Breach Study: Global Analysis, Sponsored by IBM, Conducted by Ponemon Institute LLC

## **BEFORE A BREACH**

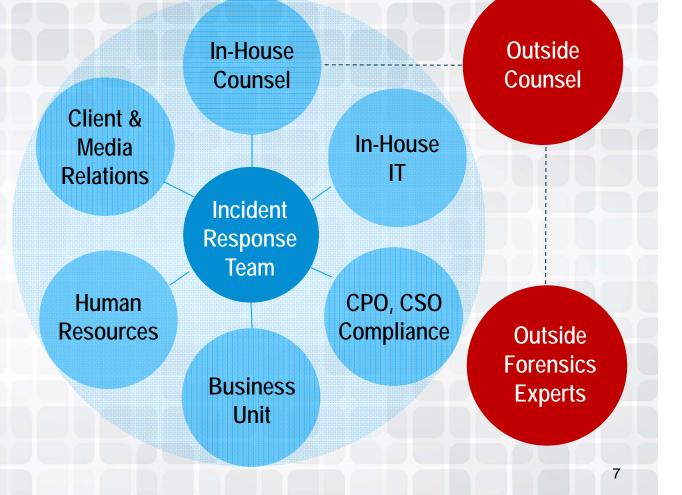
- Inventory data what, where, how is it used & shared, sensitivity
- 2. Analyze vendor agreements
- Review privacy policies and disclosures for robustness, consistency with actual practices, and legality



### **BEFORE A BREACH**

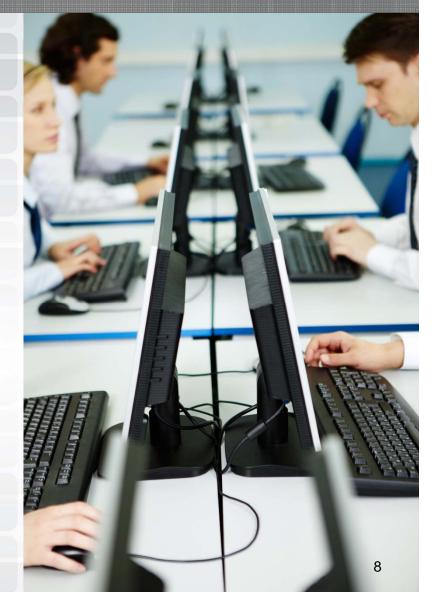
4. Develop Incident Response Plan

5. Build an effective incident responseteam led by legal counsel



#### **BEFORE A BREACH**

- 6. Train employees on privacy and data security responsibilities and incident response
- Set a tone from the top that privacy and data security are core company values
- 8. Conduct periodic privacy reviews and risk assessments



## WHEN THE BREACH HITS

SECURITY THREAT

Activate incident response plan

Contain the breach

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# **BREACH INVESTIGATION**

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- 1. Follow the legal team's lead
- 2. Employ a third party forensic team to investigate
- 3. Protect the integrity of the data and systems
- 4. Document response and containment actions
- 5. Protect the privilege

# **BREACH RESPONSE**



## **BREACH RESPONSE**

#### Notification:

#### To Whom?

- Analyze client and vendor agreements
- Analyze statutory notification obligations

How Soon? The Timing Paradox

- More careful analysis takes time
- More careful analysis increases certainty
- More careful analysis reduces cost



# **AFTER THE BREACH**

- 1. Conduct post-breach review
- 2. Implement lessons learned

#### **Questions?**

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