



Losing Ground
2009 TMT Global Security Survey
Key findings

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1. Security investment is spiraling down with the economy
2. Social networking adds to the list of insider threats
3. Outsourcing outpaces security
4. Going public about privacy
5. Regulatory issues are moving to the forefront
6. Virtual and physical security worlds collide

Foreword

Welcome to the third edition of the Global Security Survey for the Technology, Media & Telecommunications (TMT) industry, based on in-depth research, mostly in-person, with over 200 TMT organizations around the world.

This is the third year in which the Deloitte Touche Tohmatsu Global TMT Industry Group has published its Global Security Survey. The last edition of the security survey found that many TMT companies were just about managing to keep up with the growing threats – despite increased spend on security. What effect is the current economy having on digital security, and what are TMT companies doing to address the multitude of challenges they face? To find out, this edition of the security survey concentrates on these topics.

The challenged macroeconomic backdrop is causing companies to review costs in all areas, including security. This year's results show a significant drop in security investment, which is having a detrimental impact on all aspects of security in the TMT industry. In the 12 months leading up to this year's survey, 32% of respondents reduced their information security budget. No wonder 60% of respondents believe they are "falling behind" or still "catching up" to their security threats.

Falling spend on security is occurring despite the massive programs to digitize TMT companies' intellectual property around the world. While the current business climate requires TMT companies to focus on an unprecedented level of cost efficiency, there is a minimum level of diligence required below which companies may be exposing themselves to critical risk. Security is particularly vital in an era in which digital malevolence is more prevalent than ever. Without smart investments in security and innovation, TMT companies might not be able to keep pace with the growing threats imposed by increasingly sophisticated attacks and emerging technologies.

On behalf of Deloitte Touche Tohmatsu and the TMT practices of its member firms, we would like to thank all of the people who contributed to this report – especially the Chief Information Security Officers and security management teams that shared their experiences and insights. Your contributions are helping to make the entire TMT industry more secure.

Igal Brightman
Global Managing Partner

Jacques Buith
TMT Security & Privacy Leader

DTT Technology, Media & Telecommunications
Industry Group



Short term gain Long term pain

1. Security investment is spiraling down with the economy

TMT companies around the world are now feeling the global recession's full force: it is affecting their day-to-day operations, and is having a profound effect on their spending.

The DTT TMT Industry Group's previous survey reported that many TMT companies were just managing to keep their heads above water when it came to security. This year's results show a significant drop in security investment, which is having a detrimental impact on all aspects of TMT security.

In the 12 months leading up to this year's survey, 32% of respondents reduced their information security budget, while 25% raised their budget by less than 5%. The majority of TMT companies (55%) now allocate less than 6% of their IT budget to information security. No wonder 60% of respondents believe they are "falling behind" or still "catching up" to their security threats – a significant percentage which is even higher than the 49% reported in the previous edition of this survey. Also, befitting the current business climate, over 41% of respondents have established metrics to measure the effectiveness of their security investments, up from 19% two years ago. These figures indicate that not only TMT companies are spending less on security, but also that they spend smarter, trying to obtain high security levels at a better price.

Declining security investment is hindering the adoption of new security technologies. Only 53% of respondents consider themselves early adopters, down from 67% in the last edition of this survey. Many are explicitly scaling back investments in new technology, and are focusing more effort on improving technologies that are already in place. Although this may have a positive effect on their short-term cash flow, over the long term it could create a serious problem. After all, most TMT companies have business models that revolve around cutting-edge technology, which makes it crucial for them to be at the forefront of security technology as well. Yet, even now, only 29% of respondents believe their security spending is on plan.

During a downturn, defending against attacks is particularly important in order to ensure business continuity. With substantially lower investments in security and innovation, TMT companies might not be able to keep pace with the growing threats from increasingly sophisticated attacks and emerging technologies.

Bottom line: Companies should not forget about their long-term goals. At some point, the global economy is going to bounce back. Companies that underinvest in security now may find themselves vulnerable and unable to capitalize on the recovery. You might not have a problem in the short term, but you will have one in the long run.



Status Update:
Risk is here

2. Social networking adds to the list of insider threats

As noted in previous years, the greatest security threats for TMT companies come from within. And in today's connected world, the insider threats are greater than ever. Technologies such as social networks, blogs, and e-mail can be powerful enablers for a TMT organization. But they also increase the organization's internal security challenges.

Facebook, LinkedIn, MySpace, Twitter, and other social networks have enjoyed tremendous growth in recent years. These networks can help entrepreneurs and businesses locate the right resources, learn about potential business partners, and recruit new employees. Blogs are another powerful tool for business. Used correctly, they can help a company challenge and sharpen its thinking. But with so many companies and employees embracing new technologies and ways to communicate, new vulnerabilities are constantly emerging. This year's survey results show that "exploitation of vulnerabilities in Web 2.0 technologies" and "social engineering" are regarded as a threat to the company's information security, with 83% and 80% of respondents respectively.

In some cases, employees unintentionally release sensitive information without realizing the consequences. In other cases, employees may be using social networks and the internet for illicit activities that reflect badly on the company. Either way, the company could ultimately be held responsible.

No wonder TMT companies are feeling significantly less confident about their ability to deal with internal security risks. This year, only 28% of respondents rated themselves as "very confident" or "extremely confident" with regard to internal threats, down from 51% in 2008. Also, 41% of respondents experienced at least one internal security breach in the 12 months leading up to the survey.

Although the human element has always been the hardest to secure, companies must do the best they can. Training and awareness sessions are one of the tools for improving internal security. In this year's survey, 66% of respondents say they provide some form of security training for their employees. TMT companies can also protect sensitive data simply by limiting information access to only those employees who need to have it. Strikingly, according to the survey data, the number one security problem reported by security auditors continues to be "excessive access rights."

Bottom line: Information and intellectual property are the lifeblood of a TMT company. Protecting these precious assets is imperative to every TMT organization. And the number one priority needs to be protecting the organization from itself.

Outsourcing business
Outsourcing control



3. Outsourcing outpaces security

Many surveyed companies are outsourcing part of their IT security function. The most frequently outsourced activities are forensics/legal support, security technology services and security monitoring. These highly specialized IT security services are good candidates for outsourcing to a third-party because they require skills that often are not readily available in-house.

Bottom line: Although outsourcing has become a standard operating practice, security practices related to third-party outsourcing are still in their infancy. This exposes TMT companies to significant risk.

Outsourcing offers a number of important advantages, but it also presents a company with a major risk: namely, that companies lose control over their outsourced services, or do not have full insight in their outsourced services anymore. Among survey respondents who had experienced an external breach in the past 12 months, 56% had repeat occurrences stemming from a “trusted” vendor. This probably explains why 49% of all respondents are either “not very confident” or only “somewhat confident” in their outsourcing vendors’ information security practices.

To manage these uncertainties, every TMT company should regularly review and test its vendors’ security capabilities, controls, and organizational dependencies. Yet, only 20% of respondents actually do so. Instead, most rely on confidentiality agreements (19%), controlling vendor access to systems and data (14%), and creating contracts that address information security issues (14%). The vast majority do little or nothing to actually ensure an adequate level of third-party security in their day-to-day operations.



*With great power comes
great responsibility*

4. Going public about privacy

Privacy is a major concern for most consumers, who are increasingly being asked to share sensitive information. Privacy can be breached in several ways, including attacks by hackers and accidental information releases to unauthorized parties.

Bottom line: TMT organizations that effectively manage their digital assets are more likely to gain or retain the trust of their customers and strengthen their competitive position. Similarly, companies with effective privacy programs reduce their risk of a privacy debacle and improve their reputation in the marketplace.

Digital media downloads, online financial transactions, and social networking create an expanding array of threats to personal information. So does the recent trend of digitizing patient medical data.

Generational differences have a major influence on privacy issues. Young people have grown up with the latest technologies – including surveillance cameras, internet usage logs, and payment tracking – and, therefore, tend to be more comfortable redefining and testing the limits of privacy. In contrast, older generations grew up in a different environment and generally have a different perspective on privacy. Survey respondents seem to recognize this issue, with 56% rating “cultural interpretations” as an “average” to “very high” threat to their information security.

The TMT industry is particularly vulnerable to a catastrophic breach in security and privacy. TMT companies deal with large quantities of distributed sensitive information, and their reputation and business success hinge on safeguarding this information.

Over the past year, there have been a number of high profile privacy breaches. Yet, only 47% of surveyed companies currently have a privacy program in place, and only 44% have an executive responsible for privacy. This aligns with the fact that many TMT companies do not have a program for managing privacy compliance (33%), a written privacy policy (28%), nor a formal directive with respect to the destruction of personal information (28%). These numbers suggest that many TMT companies are still not effectively managing their digital assets – a problem that could lead to further privacy breaches and ultimately undermine their competitiveness.

Good boy



5. Regulatory issues are moving to the forefront

TMT companies face a massive number of rules and regulations that relate to information security.

Failure to comply can expose a company to hefty fines and significant liability.

In some countries, any loss of personal identifiable information must be disclosed. This can lead to significant costs, fines, and reputational damage. In addition, businesses that lose another company's data can be held liable. This is particularly relevant in a tough economy, when desperate companies may use legal channels as a way to make up for reduced operating income.

Similarly, lack of clarity about digital rights ownership raises the prospect of digital "ambulance chasing." Copyright breaches may be an income stream that more and more companies start to target. To protect themselves, companies involved with digital products and services must be careful to avoid infractions – whether such infractions might be committed by their employees, customers, business partners, or recent acquisitions. In all cases, the company itself could be liable.

Note that compliance with rules and regulations may not be sufficient for TMT companies to mitigate their information security risks. Over 67% of respondents say that regulatory security requirements are at best "somewhat effective" for improving their information security posture. Moreover, 57% of respondents believe that senior executive support for effectively meeting regulatory requirements is either missing or inadequately funded.

Compliance monitoring is rated as one of the top security initiatives for 2009. Yet the survey results show that only 41% of TMT companies currently have formal metrics and reports. In order for companies to show compliance with rules and regulations, and to prevent copyright infringements, they need to have proper monitoring and reporting. If a company does not track the effectiveness of its compliance programs, how can it hope to improve?

Bottom line: Strict compliance with rules and regulations is critical, particularly in a tough economy. The need for compliance extends to every link in the value chain.

Body & Mind



6. Virtual and physical security worlds collide

Every TMT company has a valuable mix of physical assets (such as buildings and infrastructure) and information assets (such as digital content). Yet until this year, the vast majority of companies treated physical security and information security as separate and distinct.

The good news is that 50% of the TMT companies interviewed have now converged their information security and physical security functions. This convergence generally occurred in one of three ways: structurally combining the functions (18%), keeping the functions separate but having them report to a common executive (15%) or keeping the functions separate but linking them through an enterprise risk council (17%).

These statistics may seem good news, but the reality is that 40% of the TMT companies have done little or nothing to integrate physical security and information security. This means they could be missing out on some important opportunities to improve security or benefit from business cost savings.

For example, an access card or wireless chip that is currently used to control physical access could also be used to prevent unauthorized information access. When a person tries to log on to an information system, that system could connect with the company's physical security system to make sure the person associated with that user ID is actually present in the building. If not, the system would deny access and trigger a silent alarm. This is just one example of how integrating physical security with information security could help to strengthen both.

Bottom line: With TMT assets becoming more information-based and virtual, the distinction between physical security and information security is increasingly obsolete. TMT companies must work to ensure that reduced security spending does not delay or inhibit further convergence of these functions.

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Contributors

The following made significant contributions to the development of this publication:

Wouter Mocking	Paul Lee
Hans Bootsma	Duncan Stewart
Alex de Leeuw	Olivier Curet
Anneloes Leijenhorst	

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Contacts



Security & Privacy Services – Global Leaders

Adel Melek

Toronto – Canada
+1 416 601 6524
amelek@deloitte.ca

Jacques Buith

Amstelveen – The Netherlands
+31 20 454 7000
jbuith@deloitte.nl

Ted DeZabala

New York – USA
+1 212 436 2957
tdezabala@deloitte.com

Carlo Schupp

EMEA – Brussels, Belgium
+ 32 2 800 20 77
cschupp@deloitte.com

Uantchern Loh

APAC – Kuala Lumpur, Malaysia
+65 6216 3282
uloh@deloitte.com

Martin Carmuega

LACRO – Buenos Aires, Argentina
+54 11 43204003
mccarmuega@deloitte.com

Mitsuhiko Maruyama

Tokyo – Japan
+81 3 4218 7304
mitsuhiko.maruyama@tohmatsu.co.jp

Simon Owen

London – United Kingdom
+44 20 7303 7219
sxowen@deloitte.co.uk

Contacts at Deloitte Touche Tohmatsu (DTT) and its member firms

Igal Brightman

Global Managing Partner
Technology, Media & Telecommunications
Industry Group
+972 3 608 55 00
ibrighman@deloitte.com

Americas

Alberto Lopez Carnabucci

Argentina
+54 11 4320 2735
alopezcarnabucci@deloitte.com

Marco Antonio Brandao

Simurro
Brazil
+55 11 5186 1232
mbrandao@deloitte.com.br

John Ruffolo

Canada
+1 416 601 6684
jruffolo@deloitte.ca

Duncan Stewart

Canada
+1 416 874 3536
dunstewart@deloitte.ca

Fernando Gaziano

Chile
+56 2 729 8783
fpgaziano@deloitte.com

Elsa Victoria Mena Cardona

Colombia
+571 546 1810
emenacardona@deloitte.com

Carlos Gallegos Echeverria

Costa Rica
+506 2246 5225
cagallegos@deloitte.com

Ernesto Graber

Ecuador
+593 4 245 2770 ext 163
egraber@deloitte.com

Francisco Silva

Mexico
+52 55 5080 6310
fsilva@deloittemx.com

Cesar Chong

Panama
+507 303 4110
cechong@deloitte.com

Gustavo Lopez Ameri

Peru
+51 1 211 8533
glopezameri@deloitte.com

Phillip Asmundson

United States, Deloitte LLP
+1 203 708 4860
pasmundson@deloitte.com

Irfan Saif

United States
+1 408 704 4109
isaif@deloitte.com

Juan José Cabrera

Uruguay
+598 291 6756 ext 161
jucabrera@deloitte.com

Johan Oliva

Venezuela
+58 212 206 8886
joholiva@deloitte.com

Europe, Middle East, and Africa

Nikolaus König

Austria
+43 1 537 00 7810
nkoenig@deloitte.at

Andre Claes

Belgium
+32 2 600 6670
aclaes@deloitte.com

Dariusz Nachyla

Central Europe
+48 22 511 0631
dnachyla@deloittece.com

Olga Tabakova

CIS and its Russian office
+7 495 787 0600 x 2326
otabakova@Deloitte.ru

Kim Gerner

Denmark
+45 3610 3281
kgerner@deloitte.dk

Jussi Sairanen

Finland
+358 40 752 0082
Jussi.sairanen@deloitte.fi

Etienne Jacquemin

France
+33 1 5561 2170
ejacquemin@deloitte.fr

Dieter Schlereth

Germany
+49 211 8772 2638
dschlereth@deloitte.de

Cormac Hughes

Ireland
+353 1 4172592
cohughes@deloitte.ie

Asher Mechlovich

Israel
+972 3 608 5524
amechlovich@deloitte.co.il

Alberto Donato

Italy
+39 064 780 5595
aldonato@deloitte.com

Dan Arendt

Luxembourg
+352 451 452 621
darendt@deloitte.lu

Saba Sindaha

Middle East
+971 (50) 666 7148
ssindaha@deloitte.com

Anton Sandler

Netherlands
+ 31 20 582 4548
asandler@deloitte.nl

Hans Bootsma

Netherlands
+31 20 454 7953
hbootsma@deloitte.nl

Muraino Ogunsanya

Nigeria
+234 1 2717815
mogunsanya@deloitte.com

Halvor Moen

Norway
+47 23 27 97 85
hmoen@deloitte.no

Joao Luis Silva

Portugal
+351 210 427 635
joaolsilva@deloitte.pt

Mark Casey

South Africa
+27 11 806 5205
mcasey@deloitte.co.za

Kris Budnik

South Africa
+27 11 806 5224
kbudnik@deloitte.co.za

Eduardo Sanz

Spain
+34 91 514 5000 ext 2060
edsanz@deloitte.es

Alfonso Mur

Spain
+ 34 915145000 ext 2103
amur@deloitte.es

Tommy Martensson

Sweden
+46 8 506 711 30
tommy.martensson@deloitte.se

Sait Gozum

Turkey
+90 212 366 6056
sgozum@deloitte.com

Jolyon Barker

United Kingdom
+44 20 7007 1818
jrbarker@deloitte.co.uk

Paul Lee

United Kingdom
+44 20 7303 0197
paullee@deloitte.co.uk

Mike Maddison

United Kingdom
+44 20 7303 0017
mmaddison@deloitte.co.uk

Asia Pacific**Damien Tampling**

Australia
+61 2 9322 5890
dtampling@deloitte.com.au

William Chou

China
+86 10 8520 7102
wilchou@deloitte.com.cn

Parlindungan Siahaan

Indonesia
+62 21 231 2879 3300
psiahaan@deloitte.com

V. Srikumar

India
+91 80 6627 6106
vsrikumar@deloitte.com

Yoshitaka Asaeda

Japan
+81 3 6213 3488
yoshitaka.asaeda@
tohmatsumoto.co.jp

Jum Pyo Kim

Korea
82-2-6676-3130
jumkim@deloitte.com

Robert Tan

Malaysia
+60 3 7723 6598
rtan@deloitte.com

John Bell

New Zealand
+64 9 303 0853
jobell@deloitte.co.nz

Shariq Barmaky

Singapore
+65 6530 5508
shbarmaky@deloitte.com

Clark C. Chen

Taiwan
+886 2 2545 9988 x3065
clarkcchen@deloitte.com.tw

Marasri Kanjanataweewat

Thailand
+662 676 5700 ext 6067
mkanjanataweewat@
deloitte.com

For more information, please contact

Amanda Goldstein

Director of DTT TMT Marketing
+1 212 436 5203
agoldstein@deloitte.com

Yvonne Dow

Director of Asia Pacific DTT TMT Marketing
+852 2852 6611
ydow@deloitte.com

Jared Frost

Director of EMEA DTT TMT Marketing
+44 20 7303 8884
jfrost@deloitte.co.uk

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Deloitte
Laan van Kronenburg 2
Amstelveen
P.O. Box 300
1180 AH Amstelveen
Netherlands
Phone: +31 (0)20 454 70 00
Fax: +31 (0)20 454 75 55
www.deloitte.nl

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