Costly Cloud Breaches Putting Digital Transformation Strategies at Risk, Finds Kaspersky Lab

The success of digital transformation projects are being stalled by the fear of the impact and rising costs of breaches associated with “data on the go”. According to new research from Kaspersky Lab, safeguarding data in the cloud is continuing to present new challenges for businesses, with the most expensive cybersecurity incidents over the last 12 months related to cloud environments and data protection. In an effort to enable digital transformation without compromising on security, businesses are now prioritizing IT security spending. In 2018, enterprise companies are allocating up to 26% of their IT budgets to cybersecurity, redefining the strategic role of corporate data protection.

Data breach costs rise

The 2018 state of corporate IT security economics mirrors the shifting impact of cybersecurity on the business bottom-line. With the consequences of data breaches becoming more expensive and destructive, during the last 12 months, businesses faced a disturbing reality: for SMBs, the average cost of a breach reached $120K in 2018, which is 36% higher than in 2017 ($88k). For enterprises, it increased by 24%, with the average financial impact of a breach now reaching up to $1.23 million.

Top most costly incidents and the growing concerns about ‘data on the go’

These increasing costs are a concern for businesses amidst today’s digital transformation wave where cloud infrastructure is continuing to increase in prominence with 45% enterprises and 33% SMBs having either already raised or are planning to grow their use of hybrid cloud in the next 12 months.

But this rise of ‘data on the go’ is presenting new security issues, with the most expensive incidents related to cloud environments and data protection. Two out of three of the most expensive cybersecurity incidents affecting SMBs are related to the cloud, where 3rd party hosted IT infrastructure failures bring an average $179K loss. For enterprises, data protection also remains the biggest priority: while data breaches resulting from targeted attacks cost them up to $1.64M, incidents affecting 3rd party IT infrastructure follow quite closely behind, bringing on average $1.47M loss.

Security spending on the rise, to counter cloud attacks and maintain transformation

With the cost of IT incidents on the rise, businesses are realizing that they have to prioritize cybersecurity spending if digital transformation projects are to run smoothly and securely. This is illustrated by the growth in IT security budgets in 2018, which sees enterprises spending almost a third of their IT budget ($8.9M) on cybersecurity. Interestingly, despite traditionally being viewed as the lowest spenders on IT security, VSB raised from $2.4k to $3.9k over the last 12 months.

One of the key reasons behind this additional investment in IT security is the increased complexity of IT infrastructure (as businesses increasingly adopt cloud platforms), along with helping to improve

the level of specialist security expertise.

The combination of these factors shows how businesses are really feeling the impact of IT security and illustrates the scale of the challenges they are facing, as they battle to stay secure.

“To support dynamic business changes and increase efficiency, companies are embracing cloud and business mobility. Cybersecurity has become not just a line item in IT bills, but a boardroom issue and a business priority for companies of any size, as evidenced by companies raising their IT security budgets. Businesses expect a strong payoff as the stakes continue to get higher: besides traditional cybersecurity risks, many companies now have to deal with growing regulatory pressures, for example”, said Maxim Frolov, Vice President of Global Sales at Kaspersky Lab.

To gain deeper insights into businesses perceptions of IT security spending, including regional breakdowns, please download the full report. To stay ahead of cyberthreats impacting digital transformation, learn more about our Next Generation cybersecurity portfolio at the official website.