

# 2006 Outsourcing World Summit

Data Security Chapter Meeting  
February 20, 2006

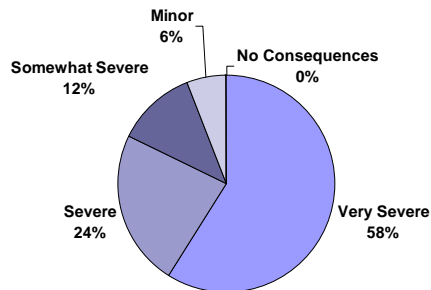


## Survey

What do members think about  
data security?



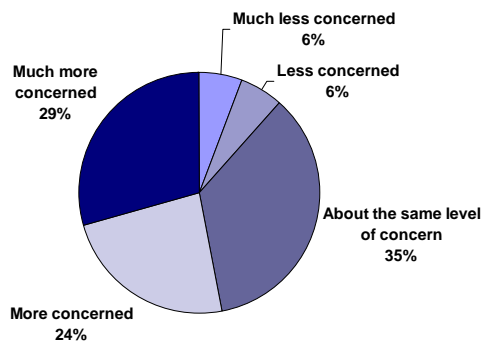
If your company were to suffer a loss or theft of customer data that was reported in the media, how severe would the consequences be to your business?



82% say consequences of a breach are severe or very severe



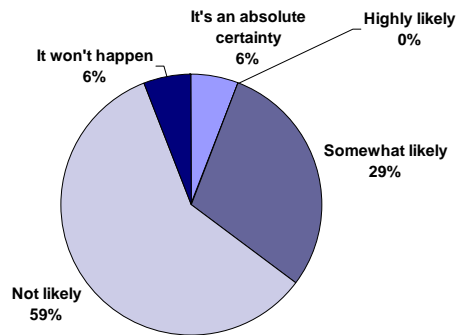
Compared to last year, how concerned are you about data security?



52% say they are more or much more concerned



What do you think the likelihood is that your company will suffer a data breach reported in the media in the next 2 years?



94% think it won't happen to them



“Data is becoming an asset which needs to be guarded as much as any other asset...the ability to guard customer data is the key to market value”



# IAOP Data Security Chapter



- Sponsor and chapter chair: Tom Grubb, Vormetric
- Mission: Help members learn and stay on top of data security and how it affects their company, their job, and the outsourcing industry
- Audience: service providers, their customers and advisors that use sensitive digital information in the course of conducting outsourcing business



## Information Security – C.I.A.

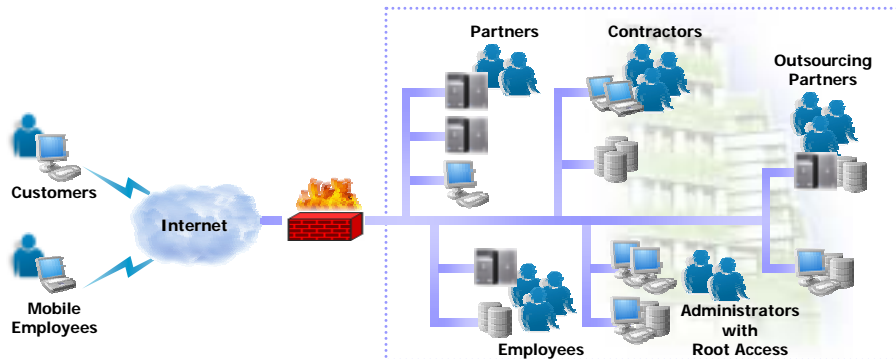
- Confidentiality
  - Ensuring that only those with a specific need to do so are able to access data.
- Integrity
  - Ensuring that the data is safe from tampering and altering.
- Availability
  - Ensuring that the data is available for use when it is needed.

### So What?

These can be difficult to achieve in one location, let alone in a geographically dispersed model. Yet a multitude of laws exist requiring companies to do just that.



# Today's Global Workplace

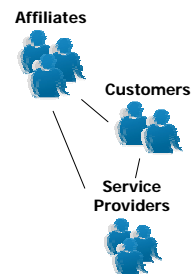


## Data Is Valuable

- Human Error
- Theft
- High Turnover in Key Jobs
- Curiosity
- Malicious Misuse

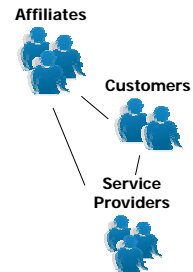


# Why Data Security Matters to Outsourcing Professionals



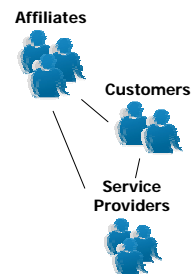
# Why Data Security Matters to Outsourcing Professionals

Disclosure laws



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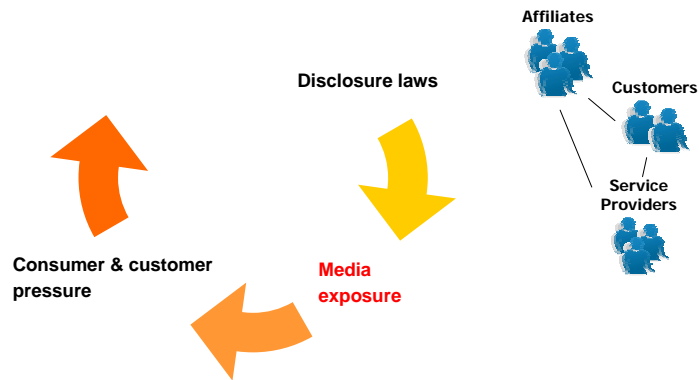
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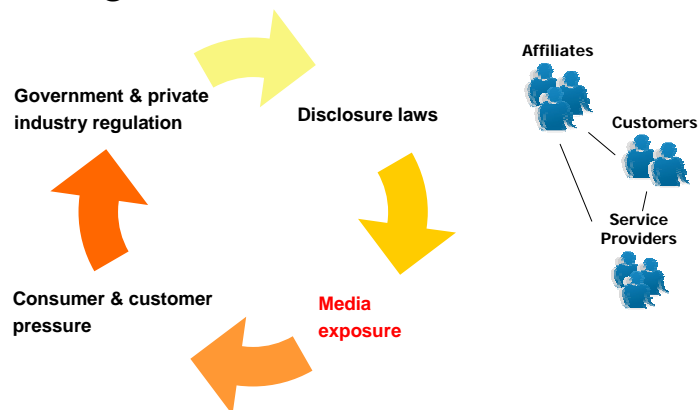
Media exposure



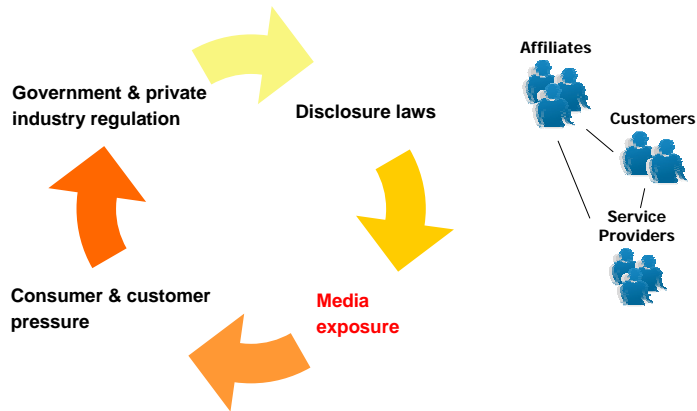
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The cost to a company from a single public data breach can be severe — even fatal to a business



# Outsourcing & Data Theft Draw Public Attention

“Cybercriminals may look at outsourced operations as an easier door to the corporate data repository” – Dr. Larry Ponemon, *Darwin Magazine*, April 2004

“...but don’t trust the outsourcer to install the right security protections.” – *CSO Magazine*, May 2005

“...outsourcing is increasing privacy risks and the complexity of managing that risk.” – *Financial Express*, Dec, 2005

“Globally, the response to theft or loss of information surpassed environmental degradation (62%) and terrorism (58%) as causes for concern” – *Visa International Study, DNA India*, Feb 3, 2006

“Two ex-employees of a former Convergys subcontractor filed suit against the subcontractor last year, alleging that state documents were sent to India and Barbados, and possibly to China, for processing into the People First system.” – *Tallassee Democrat*, Feb 7, 2006





## Case Study: A Single Data Breach Can Wreak Havoc

- April 2005, former Mphasis employees steal \$300K using Citibank account holder information
- Almost a year later, Google outsourcing theft Mphasis yields 9,260 results:
  - Direct damage to Mphasis
  - Collateral damage to:
    - Citibank
    - Outsourcing Industry
    - India
    - Off-shoring
    - BPO



**Information Security Specialists Since 1988**

## **IAOP SECURITY MEETING**

### **JANUS Associates**

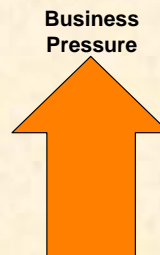
9 West Broad Street  
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T: 203-251-0200  
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[www.janusassociates.com](http://www.janusassociates.com)



## **CURRENT SITUATION**

- Security/control breaches result in
  - Negative attention
    - Direct damage
    - Collateral damage (company, industry, country, etc.)
  - Lawsuits/prosecution via current regulations
    - SoX, A-123, HIPAA, GLBA, etc.
  - Consumer outrage
  - Media exposure

**Pressure to increase security**

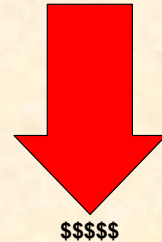




# BUSINESS ENVIRONMENT

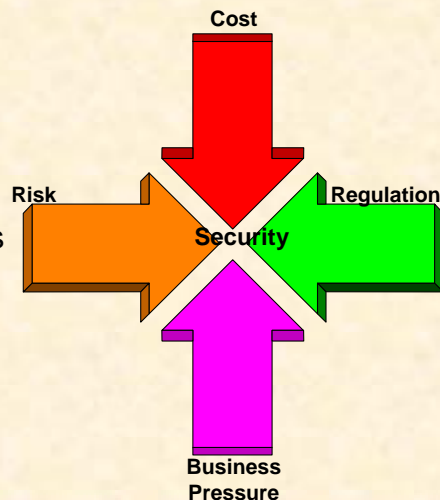
- New outsourcing providers appearing constantly
- Regulatory requirements increasing cost to do business
- Public demands for improved security, controls, privacy

Pressure to cut costs



# GOAL

- Should be intersection of:
  - Business drivers
  - Cost implications
  - Risk profile
  - Regulatory requirements





## AVAILABLE CHOICES

- IAOP/Certifications
  - Indicates professionalism, level of knowledge
  - Provides an edge over competition
- VCI – clearinghouse discussed in IAOP Webinar
  - Consortium
  - References
- Tools to help decrease security staff needs
  - Ex. – Vormetric CoreGuard
- Services (Example PCI)
  - Testing - Vulnerability assessment
  - Results - PCI certification
  - Prevention - intrusion management
- Others?



## SOLUTION DRIVERS

- ROI
  - Cost of breach vs. cost of solution
  - Sample scenarios for management
- Amount of risk to absorb (“bet the business”)
- Business requirements
  - PCI scans, certification
  - Required annually
  - Certifications required annually
    - “Safe harbor”
    - Proof of adequate processes
  - Others?

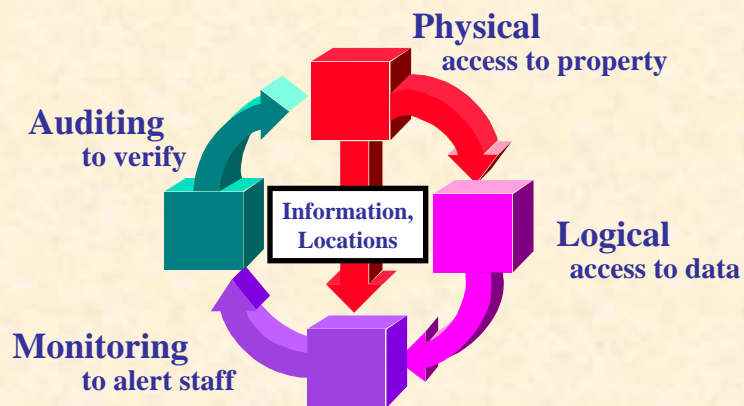


# ROADBLOCKS

- “Won’t happen to us”
- Lack of budget
- Security is an “expense”



# FULL-CYCLE SECURITY





# SECURITY STRATEGIES

- Competitive advantage – how to achieve
  - Enlist marketing staff
  - Customer testimonials
  - Security positioning against competitors
- Match marketing to actual processes
  - Ensure accuracy
  - No “over-hype”
- Others?



## EXAMPLE



From secure transactions to customer loyalty to risk management, First Data provides payment solutions for businesses and consumers around the world.

Learn about our products for:



# ISSUES

- Customers:
  - Choose providers with adequate security, privacy processes
  - Ensure that actual practices parallel marketing literature
  - Ensure that annual security reports reflect rigorous testing of your data environment
- Providers:
  - Effectively compete against new providers
  - Keep costs down/security & quality high
  - Meet regulatory concerns



# SOLUTIONS

- Customers
  - How to:
    - Choose providers with adequate security, privacy processes
    - Ensure that actual practices parallel marketing literature
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# SOLUTIONS

- Providers:

How to:

- Effectively compete against new providers
- Keep costs down/security & quality high
- Meet regulatory concerns



# EXPECTATIONS

- How can IAOP help?
- How can we help each other?