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Beazley research shines a light on attitudes to technology risk and resilience since the pandemic

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CYBER THREAT CAUSES MOST CONCERN FOR BUSINESSES, WITH US EXECUTIVES FEELING MORE PREPARED TO HANDLE THIS RISK THAN THEIR PEERS IN THE UK

Specialist insurer Beazley's new report 'Spotlight on technology risk' reveals that a range of technology risks top executives' risk radars on both sides of the Atlantic since the pandemic hit. *

The report, the latest in Beazley's Risk & Resilience series, looks at how the Covid-19 pandemic is the biggest catalyst of operational and strategic change in a generation, forcing businesses to adapt their technology infrastructure to new ways of operating. Not only has this led to greater threat of disruption by competitors, it has also opened the door to cyber criminals who have moved fast to exploit staff, processes and networks that were suddenly exposed beyond the corporate firewall.

Against this backdrop, the technology group of risks were ranked much higher than any other category of risk by the executives surveyed. *

Paul Bantick, Global Head of Cyber and Technology at Beazley said: "Technology risk ranking as highly as it does even during a pandemic is very telling. Strong awareness of the risk is encouraging. However, technology is an area where the threat vector evolves constantly, and businesses need to continue updating risk management processes and work with partners that can support them in identifying and mitigating tech-based risk.

“In these uncertain times, customers want three things: a deep understanding of risk by sector and size, specialist risk advisory services as part of their policy and comprehensive, straightforward coverage. Making communication and collaboration between insurer, broker and customer more important than ever.”

CYBER THREAT FELT MOST STRONGLY IN US

Cyber risks, which include IT-based threats affecting national infrastructure through to individual customer data, data leak or employee error, are the highest ranked within the technology risk category. They are of particular concern in the US where 38% of leaders rank cyber risk top vs 29% in the UK. Furthermore, in the US 55% of businesses feel very prepared to anticipate and respond to cyber risk vs just 34% in the UK.

Overall, the sectors which feel most exposed to cyber threats include energy and utilities, with 40% of businesses ranking this their top risk, followed by retail and technology media and telecoms (TMT), both with 38% of companies ranking this risk top.

Raf Sanchez, International Breach Services Manager at Beazley, said: “Although many organisations have invested heavily in technology to protect their systems and data, the cyber-attack landscape is constantly shifting. Cyber criminals are increasingly well-funded and innovative, making constant vigilance by organisations a necessity.

“We are striving to help organisations of all sizes and sectors address the many impacts of a cyber-attack on their operations by supplementing traditional risk transfer with a suite of cyber risk management services and post-event incident response. This research gives us useful insights into how leaders view technology risks, and their perceived resilience to them. The variances in attitude between sector and territory are notable.”

DISRUPTION: THE FEAR OF KEEPING PACE

Disruption risk, or the failure to innovate and keep pace with new developments, customer demand or market shifts is ranked second in the technology category, with 30% of business leaders identifying it as their key risk.

Disruption ranks this highly because UK respondents are particularly concerned by the threat that it poses – with 32% ranking it top vs just 28% in the US. In terms of the ability to anticipate and respond to disruption risk, well under half (41%) of businesses overall reported they felt well prepared.

INVESTING IN TECH PAYS OFF

Tech risks are defined in our research as not adapting to changing technology developments and opportunities. Only 26% of business leaders in the US and UK ranked this risk top.

However, 44% of overall businesses report they feel ‘very prepared’ to manage tech risk. This high level of resilience is likely to reflect the fact that successful companies have harnessed a combination of astute hiring and investment to ensure they manage this threat appropriately.

THE IP BLIND SPOT

Tech risks are defined in our research as not adapting to changing technology developments and opportunities. Only 26% of business leaders in the US and UK ranked this risk top. However, 44% of overall businesses report they feel ‘very prepared’ to manage tech risk. This high level of resilience is likely to reflect the fact that successful companies have harnessed a combination of astute hiring and investment to ensure they manage this threat appropriately. Intellectual property (IP) risks, the failure to recognise and protect the value of assets such as technological know-how, trademarks, patents or other intangible assets came bottom in the technology risk ranking with only 11% of business leaders overall ranking this a primary concern.

Given that intangible assets are the predominant source of economic value for many businesses, accounting for 75% of business value globally, the low-risk ranking assigned to IP is a potential blind spot that may require more forceful remediation, particularly given that only 40% of businesses report they feel well prepared to manage it.

Over the coming months Beazley will publish further deep-dive reports analysing leaders’ attitudes to key risk areas.

Note to editors:

All the statistics quoted in this release come from Beazley’s Risk & Resilience research. This deep dive report follows the publication of Beazley’s annual Risk & Resilience research, which identified the top risks facing businesses globally. The research, which polled 2,400 senior executives in the US, UK, Europe and Asia Pacific, ranked cyber security as the number one risk for businesses around the world, followed by environmental risk, including pandemic, at two and political & economic risk at three. Now in its fifth year, the research also identified the risks businesses feel least prepared for, and the risks they expect to grow in importance over the next year. Respondents represented businesses operating in:

- Healthcare & life sciences
- Financial institutions & professional services
- Manufacturing
- Energy and utilities (including mining)
- Retail, wholesale, food & beverage
- Public sector & education
- Real estate and construction
- Tech, media & telecoms
- Hospitality, entertainment & leisure
- Marine & warehousing

Of the firms surveyed in both the US and the UK there was an equal split of respondents across company sizes of: $250,000 - $1 million, $1,000,001 - $10 million, $10,000,001 - $100million, $100,000,001 - $1 billion, more than $1 billion.

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