



Corporate Risk Survey

Trends in Cyber Security, Fraud,
Compliance and Big Data

The Corporate Risk Survey by Kroll unveils the biggest issues facing in-house counsel and reveals valuable insights into modern risks facing corporations - cyber security, fraud, compliance and big data.

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About the Survey

In November 2015, Kroll surveyed over **170 corporate, in-house counsel**. The survey consisted of **30 questions** about modern risks facing corporations - **cyber security, fraud, compliance and big data**.



About the Survey

Executive Summary

The key findings in this 2016 Corporate Risk Survey indicate that organizations are making noteworthy strides as a result of the new risks facing the enterprise. Nevertheless, the survey also reveals that organizations have additional room to evolve if they seek to combat these modern risks in an efficient, cost-effective manner.

We hope you find the survey results instructive as your organization works to advance its legal, compliance, diligence and investigative practices amidst new regulatory demands, complex global transactions, heightened stakeholder expectations, increasing financial pressures, growing data volumes and external and insider threats.

Cyber Security

Data security was reported as the most significant risk facing modern corporations, and 76% of in-house counsel perceive to have effective safeguards in place to protect their organizations' intellectual property. Yet, only 41% of in-house counsel report that their company's Incident Response (IR) plan is regularly updated and tested.

Compliance

Global compliance practices are evolving rapidly. Organizations currently allocate most of their compliance budgets to compliance risk assessments and compliance policy creation and management, but in-house counsel would seek to spend additional budget funds on compliance training and technology systems to facilitate compliance screening.

Fraud

Organizations find it more critical than ever to fight fraud on the front lines, with 85% of organizations conducting due diligence on proposed business partners and 76% of organizations maintaining internal resources to investigate fraud in the US. However, almost 2/3 of organizations do not have internal resources to investigate instances of global fraud.

Big Data

An organization's data landscape impacts its in-house counsel's decision-making when responding to ediscovery, compliance, records management, privacy and security demands. Still, 73% of in-house counsel believe that they do not have an effective Information Governance (IG) program in place to deal with skyrocketing data volumes.

Hot Topics

Modern Risks: Cyber Security, Fraud, Compliance and Big Data

With the near-constant influx of risks associated with business ventures, global expansion and evolving technology, **in-house legal counsel regularly encounter new obstacles.**



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RISK

What would you consider the most pressing legal issue facing your corporation?

1

- Data security, cyber security and privacy risks, including loss of PII

2

- Regulatory burdens and higher regulatory activity

3

- Compliance failures

RISK

What action taken by your organization has been the most helpful in strengthening your response to these legal challenges?

1

- Enforcing compliance through training, testing and evaluations

2

- Conducting proactive threat assessment monitoring to protect an enterprise from being breached

3

- Using technology-based tools for third-party anti-corruption program management

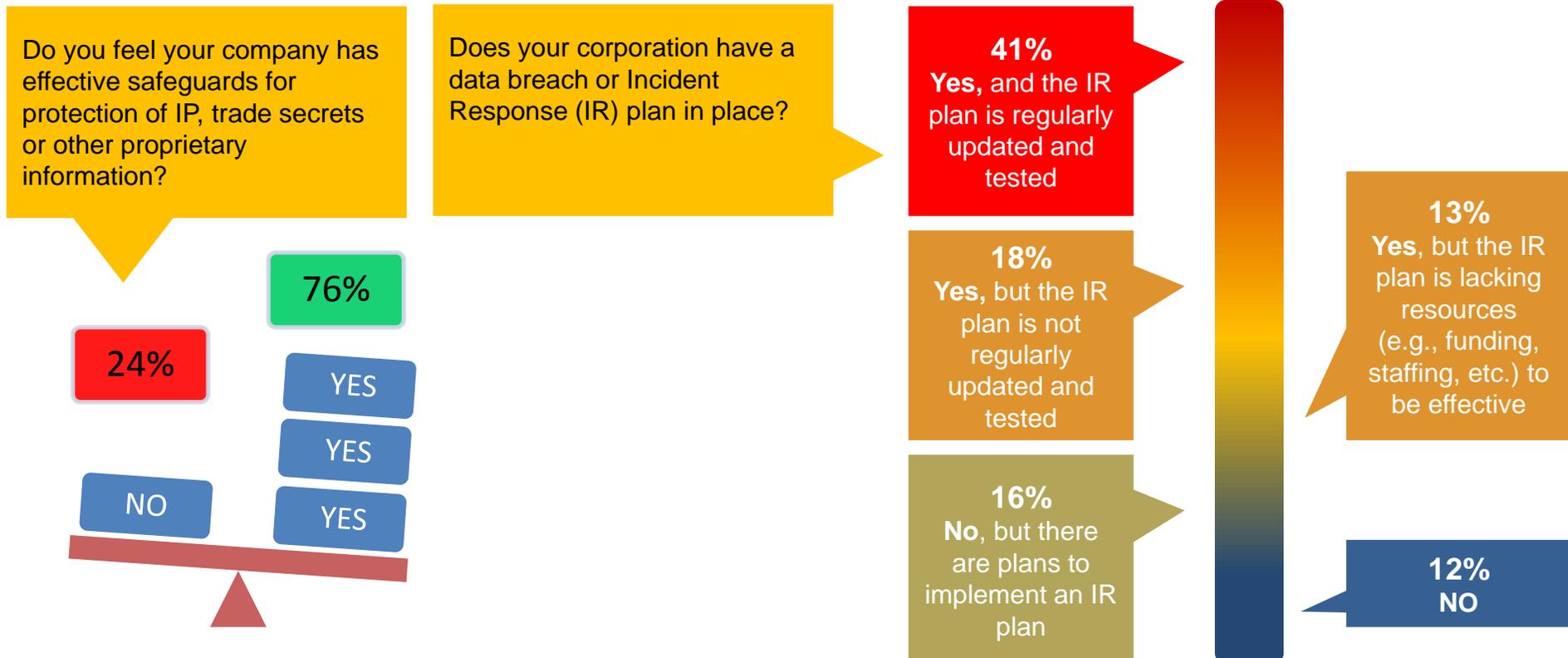
CYBER Security

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Cyber Security: The New Business Priority

With **cyber security and data breaches continuing to make headlines**, it is no wonder that companies are feeling the impact.

Many organizations perceive an adequate level of preparedness; however, in reality, approximately 59% of the organizations' data breach or incident response plans are inadequate or non-existent.



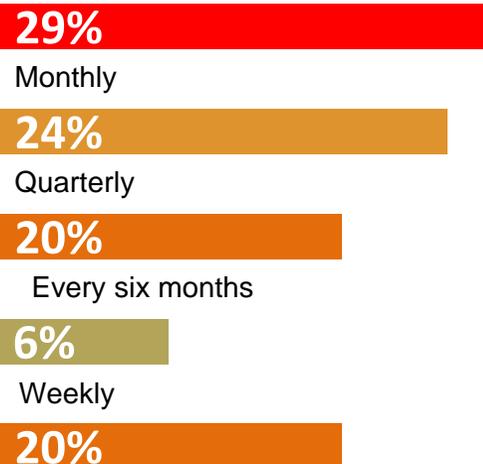
CYBER Security

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Collaboration is a Critical Ingredient to Security

While some organizations are responding to data security issues by increasing their budgets, many **organizations also need to be mindful of the value of budget-neutral activities**, such as effective cross-departmental communications between the Legal and IT departments.

How frequently do you discuss data security issues with your organization's head of technology?



Indicated that they never discuss data security issues with their organization's head of technology

Do you believe that your organization's budget for data privacy is increasing or decreasing?

46% Increasing

47% Stayed the same

7% Decreasing

FRAUD

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Fighting Fraud on the Front Lines

Fraud is on the rise, making it more critical than ever to leverage effective due diligence protocols, global investigative partners and systems to detect fraud at the earliest stages.

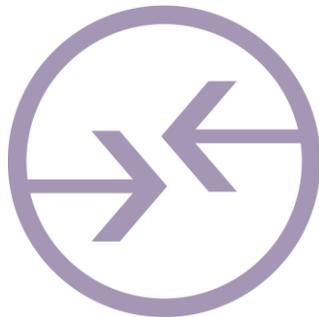


Compliance

Budgeting for Compliance

In-house counsel are challenged to find innovative ways to maximize the compliance resources they have, with most of their budgets dedicated to policy creation and risk assessments.

If additional compliance spending became available, a **majority of in-house counsel would spend that money on technology systems** to better manage risk.



For compliance activities, where do you spend most of your time and budget?

- Policy and procedure creation and management
- Compliance risk assessments
- Technology, systems, databases
- Compliance training
- Regulatory investigations

Where would your organization invest additional compliance dollars in the next 12 months??

28%

Technology, systems and databases

20%

Compliance training

17%

Policy and procedure creation & management

13%

Compliance risk assessment

9%

Compliance risk assessment

8%

Compliance risk assessment

4%

Compliance risk assessment

1% To other

Keeping Big Data in Control

It is well documented that **discovery accounts for the majority of time and money spent in litigation**, and organizations take many efforts to reduce the costs associated with the volume of data involved e-discovery.

What is the most effective action that your organization is taking to control discovery costs in litigation?

32%

Narrowing the amount of data collected and preserved during a legal hold

In-house counsel need to know their organization's data landscape so they can facilitate decision-making during early data collection and preservation efforts.

27%

Initiating information governance (IG) programs

In-house counsel see the value in implementing IG programs, with survey respondents ranking IG second on the list of most effective ways to control costs in e-discovery.

16%

Bringing portions of the process in-house by hiring staff and/or deploying internal technology solution

Technology is providing solutions to the problems technology has created. In-house counsel are turning to technology options to keep big data in check in discovery.

13%

Leveraging technology (such as predictive coding and ECA analytics) during document review

12%

Establishing a partnership with a preferred e-discovery service provider or technology consultant



Controlling Data Volumes with Information Governance

Organizations produce massive amounts of data each day.

Over half of the surveyed organizations have an Information Governance (IG) program in place, but with varying degrees of reported effectiveness. Close to **an additional quarter plan to implement an IG program**. The majority of companies are seeking to get ahead of their data; the remaining quarter will need to play some catch up.

Does your organization have an information governance (IG) program in place?

27%
Yes, and IG policies are effectively implemented throughout the organization

27%
Yes, and IG policies are effectively implemented throughout the organization

24%
NO

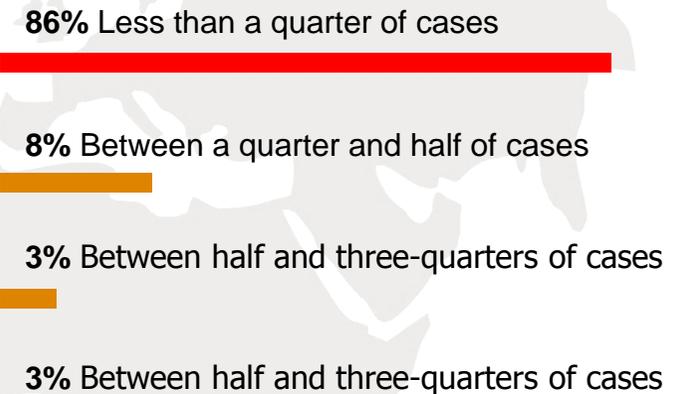
23%
NO, but there are plans to implement an IG program

BIG Data

The Global Expansion of E-Discovery

The discovery of data physically located outside of the US can be complex considering the differing data protection and privacy laws in other nations. While **86% of respondents indicated that less than 25% of their cases required e-discovery collection from a country outside of the US**, it is only a matter of time before issues requiring multinational discovery become more common in this increasingly connected world.

In the past year, what percentage of e-discovery cases required the collection of data in a country outside of the US?



How we can HELP!



CORPORATE RISK SURVEY BY KROLL

Compliance

Kroll offers a holistic approach to the compliance process, combining technological expertise with due diligence analysts and investigators so you can prioritize your resources and attention.

Investigations

Kroll consistently provides firms with the professional investigative consulting expertise necessary to resolve conflict through fact-finding and critical analysis.

E-Discovery

Whether collecting data in Paris and New York or reviewing documents in the UK, we offer expert services and support that cover the gamut of e-discovery.

Cyber Security

We offer end-to-end cyber security consulting, from information risk assessments that help you benchmark safety measures and shore up weaknesses, to penetration testing that checks for robust defenses.

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