CYBERSECURITY:
Lessons Learned from Recent Breaches

Stephen E. Stein

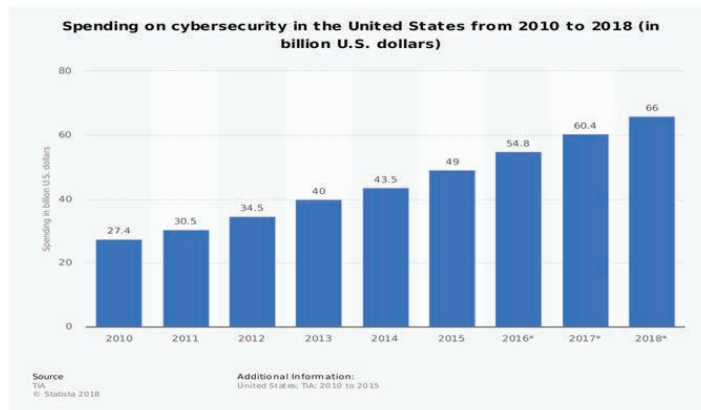Thompson & Knight LLP - Dallas, TX

Discussion Points

- Marriot / Starwood Breach Litigation

- Insurance Coverage Litigation

- Regulatory Enforcement Against Equifax and Uber

- Business E-Mail Compromises

- Article III Standing in Litigation Post-Spokeo

- Lessons Going Forward

The Cybersecurity Challenge

Cybersecurity incidents are on the rise, and majority of enterprises are not confident of their preparedness and capabilities to manage related risks.

The number of U.S. data breaches tracked in 2018 hit an all-time record high of over 1300 despite progressive increases in cyber spending since 2010.

Source – CSO Online

Spending on cybersecurity in the United States from 2010 to 2018 (in billion U.S. dollars)

Year	Spending
2010	27.4
2011	30.5
2012	34.5
2013	40
2014	43.5
2015	49
2016*	54.8
2017*	60.4
2018*	66

Source
TIA
© Statista 2018

Additional Information:
United States; TIA; 2010 to 2015

BDO UNITED STATES

Notable Recent Statistics

- ▶ Security breaches have been up 11% from 2018. USA is the top targeted country
- ▶ 43% of cyber attacks target small businesses
- ▶ Ransomware attacks occur every 14 seconds and will increase 5-fold by 2021
- ▶ The number of IoT devices that will exist by 2020 is estimated at 20.4B. IoT devices are attacked within 5 minutes on average
- ▶ The average cost of cyber crime to organizations is at $13 million per year.
- ▶ Cyber crime damages are expected to cost businesses $6 Trillion annually by 2021
- ▶ 76% of organizations were targeted by phishing attempts. 83% of information security professional experienced phishing attacks in 2018. 95% of end-users received phishing training. 70% of employees do not understand cybersecurity.
- ▶ 46% of websites have high cybersecurity vulnerabilities
- ▶ 68% of organizations do not have disaster recovery plans.
- ▶ Email is responsible for 92% of all malware spreads
- ▶ Approximately 33 billion records will be exposed to data breaches by 2023

BDO UNITED STATES

Breach Litigation

In re: Marriot International, Inc.
Customer Data Security Breach Litigation

Marriot – What Happened?

- Marriot purchased Starwood for $13B in 2016

- Breach of Starwood's reservation database uncovered in September 2018

    - Internal security tools flagged unauthorized activity

- Attackers gained access in 2014

Title search: Cybersecurity: Lessons Learned from Recent Breaches

Also available as part of the eCourse
[GDPR & Cybersecurity Impacts on Texas Business](#)

First appeared as part of the conference materials for the
41st Annual Corporate Counsel Institute session
"Cybersecurity: Lessons Learned from Recent Breaches"