

Value in Vigilance: The Cost of Cybercrime

TECHNOLOGY

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The Cost of Cybercrime

And the growing Cybermarket potential

In today's hyper-connected world, cybercrime is a growing problem, encroaching on personal identity theft to massive data breaches. The rise of technologies like IoT and AI amplifies this threat. Effective cyber security measures are no longer a luxury, but a necessity, requiring a proactive approach to protect against potential threats.

By 2025, cybercrime is expected to cost the global economy **\$17.65T** a year. That's almost **\$33.6M** every minute.

Cybercrime Expected to Skyrocket in the Coming Years

Estimated cost of cybercrime worldwide
(measured in trillion \$)

23.1%
5-Year CAGR

Data as of November 2022. Data shown is using current exchange rates. Source: Statista Technology Market Outlook, National Cyber Security Organization, FBI, IMF



Data Breaches are Becoming Costlier

Average Cost of a data breach divided by 4 segments
(measured in million \$)

- Notification
- Post Breach Response
- Detection and Escalation
- Lost Business Cost

\$4.45 Million

Total Average Cost of a Data Breach in 2023

Source: IBM; data as of July 2023

The average data breach in 2023 cost businesses **\$4.5 million**, up from **\$3.6 million** 6 years ago.

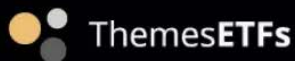
10 Biggest Data Breaches of the 21st century

by number of records lost

Source: News Reports

- Web
- Government
- Finance
- Tech
- Retail
- Telecoms

The Web sector experienced the highest level of impact from data breaches - 9.9 billion user records stolen. The massive Yahoo hack accounted for approximately 30% of them.



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The Case for Cybersecurity

As its name implies, cybersecurity endeavors to “secure” computers, networks, programs, and data in order to prevent unauthorized access.

Data stored by companies and individuals alike is often sensitive in nature, including everything from passwords to payment information. Should sensitive information be compromised in a data breach, the consequences of such cybercrime can prove costly.

Total financial losses from cybercrime have increased 281% over the past five years to \$10.3 billion in 2022 alone according to a report assembled by the Federal Bureau of Investigation (FBI).¹

Defining Data Breaches

A data breach is an incident in which sensitive or confidential information is copied, transmitted or stolen by an unauthorized entity. Breaches can occur as a result of malware attacks, fraud, insider leaks, or unintended disclosure.

The targets of such attacks are often personally identifiable information (PII), intellectual property, cor-

porate data, or government agency data.

Every year, data breaches cost businesses billions of dollars; they also erode both consumer trust and retention. With an increasing reliance on technology and data stored online, data breaches have become an omnipresent threat to individuals, companies, and government agencies.

Investments in Innovation

As technology and the cybercriminals that wield it become ever more sophisticated, companies have had to significantly increase their investments in cybersecurity infrastructure to thwart them.

91% of business leaders believe a “catastrophic cyber event” is likely and are actively taking measures to increase their cybersecurity capabilities.²

As a result, companies continue to drive demand for ever greater digital security, with \$101.5 billion in projected spending by 2025 according to economic estimates and consultancy forecasts.³

¹ Source: FBI Internet Crime Report as of 31 December 2023

² Source: Gartner as of 31 December 2023

³ Source: McKinsey & Company as of 31 December 2023

Our **Cybersecurity ETF (SPAM)** seeks to track the Solactive Cybersecurity Index (SOCYBERN), which identifies the **largest 35 companies by market capitalization in digital security software**.

SPAM seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the SOCYBERN Index.

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