Executive summary: The Cyber-Value Connection

Cyber risk has risen to the top of the corporate agenda but few company leaders are aware of the full extent of damage caused by a cyber breach — or the full costs. CGI has worked with Oxford Economics to create a rigorous model that captures the damage done by cyber breach to a company's share price.

The Cyber-Value Connection reveals that share prices fall by an average of 1.8 per cent on a permanent basis following a severe breach. To put that in context, investors in a typical FTSE 100 firm would be worse off by an average of £120 million.

However, in some extreme cases, breaches have wiped as much as 15 per cent off affected companies' valuations, substantially more than this sum.

The damage to shareholder value is significant today — but The Cyber-Value Connection analysis suggests severe cyber breach will become even more costly in the future as industry analysts include cyber as a factor affecting valuation and new regulation demands that companies disclose incidents.

Clearly, the CEO has responsibility for increasing company value. With the link between cyber breach and company value established in this report, it is clear the CEO's responsibility must also include direction and governance of cyber security. The Cyber-Value Connection concludes with advice on how they can challenge their organisation and put in place effective governance.