



How to Protect Your Small Business from a Cyber Attack

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What You'll Learn

In this Paychex white paper, Bradley Schaufenbuel covers some of the most critical information small business owners need to understand in order to protect their data.

Here's What You'll Learn

- What is a cyber attack?
- What's the risk to small businesses
- What is cyber-security, and how can small businesses put it to use?
- What happens if a business is attacked?

“A cyber attack will never happen to me.”

Bradley Schaufenbuel, Vice President of Information Security at Paychex Inc. says he hears this from small business owners all too often, and urges them to think again.

“Every day I see new breaches reported in the U.S., most of which do not make it to the news.”

In fact, Bradley adds that small businesses are a particularly vulnerable target because they possess richer data assets than average consumers, but don't have the protection of larger businesses.

What is a Cyber Attack?

Like individuals, small businesses are vulnerable to any number of malicious attacks. These include computer viruses, phishing (where perpetrators obtain sensitive information by posing as a legitimate website and ask for login credentials or credit card information), hacking, and data breaches.

The objective is almost always to obtain and exploit private data. In many cases, both financial assets and a person's identity can be stolen.

What's the Risk to Small Businesses?

A Small Business Owner Study, conducted by Harris Poll¹, shows:

- 75 percent of small businesses do not have a disaster plan in place.
- 52 percent say it would take 3 months to recover from a disaster.

Statistics compiled by the National Cyber Security Alliance² paint an even bleaker picture:

- Almost 50% of small businesses have experienced a cyber attack.
- More than 70% of attacks target small businesses.
- As much as 60% of small and medium size businesses that experience a data breach go out of business after 6 months!

These challenges are not new. Compromised business email from cyber attacks accounted for over \$3.1 billion lost in 2016, with over 22,000 victims - an increase of 1,200% since 2015. And the number of attacks continues to grow.

Bradley Schaufenbuel,
Vice President of Information Security at
Paychex

"So small businesses should be wary," Schaufenbuel warns, and adds that the repercussions of a security breach are "typically worse than small businesses think."

Repercussions for businesses or their customers could include:

- Financial loss from banking and credit card data as well as equipment and other capital costs due to system and security enhancements.
- Loss of one's identity, which can also require significant cost and effort to reclaim.
- Damaged reputation and loss of consumer confidence. Opportunity cost of time lost to recovery efforts.
- Decline in morale, both for business owners and employees.
- Potentially going out of business, in extreme cases.

What is Cyber-Security, and How Can Small Businesses Put it to Use?

Savvy business owners can follow basic computer hygiene, also known as “cyber-security,” which can dramatically reduce the risk of a data breach.

7 Basic Steps to Prevention

Schaufenbuel suggests vigilant small business owners follow some of the “low hanging fruit,” or well-known steps that businesses should all take for basic protection:

- Research and purchase the best security software you can afford.
- In addition, monitor and download the latest patches.
- Download up-to-date browsers and operating systems.
- Provide strong firewall security for your internet connection.
- Secure and encrypt your Wi-Fi network.
- Regularly backup sensitive information.
- Use passwords that are alphanumeric, difficult for hackers to guess, and ideally larger phrases.

5 More Powerful Techniques

Schaufenbuel also offers some surprising, lesser known tips to help provide additional protection from an attack:

- Never use the same passwords on multiple sites. Vary them all, and periodically change them.
- Be wary of social engineering and phishing. As a matter of fact, he says that “most breaches are not the result of sophisticated hacking. Instead, they occur when a recipient open emails that contain suspicious links and attachments, or provide sensitive information that they shouldn’t be sharing.”
- Use the rest of your PCs and devices for browsing and other functions. Set up a generic user account on these PCs and use this for most of applications (versus one with your personal name and other information).
- Invest in cyber-liability insurance, which covers costs typically outside those of a general liability policy.

What Happens if a Business is Attacked?

Unfortunately, many businesses become victims of cyber-crime, even those who employ some of the cyber-security measures we've outlined. Should this be the case:

- Discontinue using the affected systems.
- Notify authorities, and if you purchased cyber-liability insurance contact your insurance company immediately. A list of helpful resources is provided below.
- Implement more aggressive measures to prevent another breach.

Resources in Case of an Attack

The Internet Crime Complaint Center (IC3)

www.ic3.gov/default.aspx

Identity Theft Resource Center

www.idtheftcenter.org

Federal Trade Commission

www.identitytheft.gov

www.ftc.gov/complaint

StopFraud.Gov

www.stopfraud.gov/victims.html

U.S. Computer Emergency Readiness Team

www.us-cert.gov

U.S. Department of Justice

www.justice.gov/criminal/cybercrime



Next Steps

- Read about creating a cyber security culture at payx.me/create
- Learn how to protect your business with payx.me/liability
- Speak with a Paychex representative at 855-973-2408 or visit paychex.com

Sources

1. <https://www.nationwide.com/about-us/083115-small-biz-survey.jsp>
2. <https://www.staysafeonline.org/ncsam/resources/3-reasons-hackers-love-your-small-business-infographic>

About Paychex

Paychex, Inc. (NASDAQ: PAYX) is a leading provider of integrated human capital management solutions for payroll, benefits, human resources, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers small- and medium-sized business owners to focus on the growth and management of their businesses. Backed by more than 45 years of industry expertise, Paychex serves over 670,000 payroll clients as of May 31, 2019, across more than 100 locations in the U.S. and Europe and pays one out of every 12 American private sector employees.

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