



# SMEs still not doing cyber-security due-diligence



Small and medium sized enterprises are still not paying attention to their cyber-security, costing them thousands of pounds a year, and risk going out of business.

Blick Rothenberg completes financial due diligence for many clients as they either sell or acquire a business and in a high percentage of such reviews so far this year a phishing attack has led to five figure sums being paid to a bogus supplier.

Beyond direct financial loss, this raises questions about the processes and controls in place and could become a negotiating point to reduce the sales price or even lead to a deal collapsing altogether.

Cyber-security breaches can have a devastating effect on a business. The often-quoted figure is that 60 percent of entities hit by cyber-crime aren't trading twelve months later. This reflects the fact that they are not ready to identify the threat, protect against it or respond from both an IT and communications perspective.

HMRC are also taking an interest. In a recent case, a client who had been subject to a VAT fraud had, with our help, their

penalties suspended but subject to conditions that included strengthening the level of cyber-security in the business.

The actions required are multifaceted and not just the responsibility of the IT department. It would appear that many SMEs are not aware of the potential threat, let alone spending the recommended level of 10 percent plus of their IT budget on combatting it.

This has become such a significant issue that we are aware of private equity providers who are including cyber assessment as a part of their due diligence with a minimum acceptable level for companies in their portfolio. If this is not accepted by the owners and entrepreneurs in small and growing businesses, they may find that all their hard work was for naught and that the businesses fail.



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