

Breach Costs: How Much Would Wayland Taxpayers Pay?

28 October, 2015

To: Wayland Board of Selectmen
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Dear members of the Wayland Board of Selectmen:

Paying for computer security upgrades is like buying insurance for your home. You need to compare the policy cost to the cost of a potential loss. So, how much would Wayland taxpayers have to pay if there was a breach? The Ponemon Institute recently published an updated study that spells out the details. Based on this new data, here is the probable cost of a breach in Wayland:

- Wayland Town and School networks hold records for current and former residents and students, plus teachers and staff. The total count of individual records probably exceeds 20,000.
- Assume that hackers breach the Wayland network and collect only 10,000 records, with 50% from the Town (\$73 each) and 50% from Wayland Public Schools (\$225 each):

$$5,000 \times \$73 = \$ 365,000$$

$$5,000 \times \$225 = \$1,125,000$$

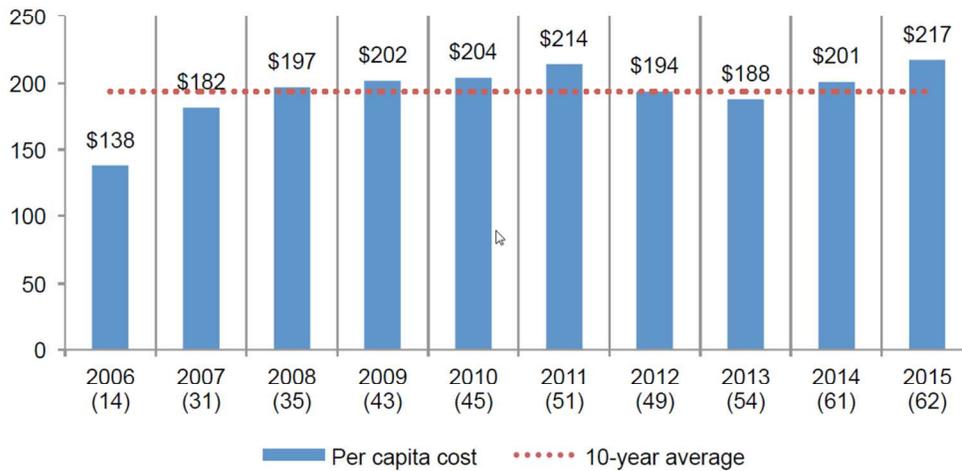
$$\text{Total breach cost} = \text{\$1,490,000}$$

- If hackers collected 10,000 WPS student records, the total breach cost would escalate to \$2,250,000 – from only one incident.

If your home was worth \$1,490,000, would you pay for home insurance? If you have a mortgage, the lender requires it. As members of the Wayland Board of Selectmen, you should take the same care with our community’s private data and tax dollars, and invest in needed computer security solutions.

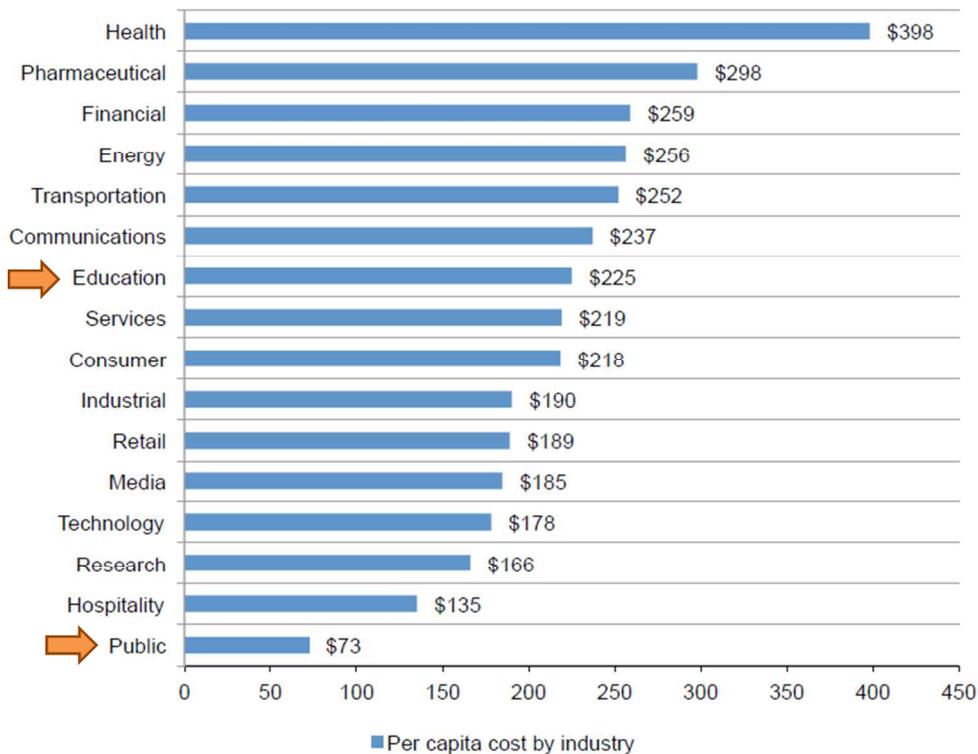
Here is a summary of key data from the Ponemon report:

Figure 1. The average per capita cost of data breach over 10 years
 Bracketed number defines the benchmark sample size



These are average *per-capita* costs for all industries. The Town of Wayland and Wayland Public Schools are not-for-profit municipal organizations, however, so we should look at the cost by industry segment, as shown below:

Figure 4. Per capita cost by industry classification of benchmarked companies



Education, e.g. Wayland Public Schools, has a per-capita breach cost of \$225, higher than the mean. The public sector (Town of Wayland) has the lowest cost of \$73.

Please work with the Wayland Finance Committee and School Committee to increase the IT transfer at Special Town Meeting, to cover the high priority computer security upgrades recommended by Elysium, McCann and McGladrey. Think of this as basic “home insurance” for our Town.

Please let me know if you have any questions.



Mark Hays

Confidential Computer Security Information

This public letter does not include details regarding the major security problem which have not already been made public. Please include a copy in your next meeting packet, to be posted on the Wayland Web site.

CC: Wayland Finance Committee, School Committee, Dr. Paul Stein, Nan Balmer, and public media.