



DRAWBRIDGE

Protecting Private Equity Portfolio Companies:

**Using Data-Driven Insight to Mitigate
Cyber Risk**

Presenters



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Cyber threat factors

Factors that increase the **likelihood** of a cyber attack:

1. A public announcement of a transaction
2. One PortCo falling prey to a successful cyber attack.

Factors that increase the **impact** of a cyber attack:

1. Lack of cyber resilience at the PortCo.
2. Unknown cyber standards across the Portfolio.

The Register

EquiLend back in the saddle as ransom payment rumors swirl

Still no word on how the intruders broke in or the full extent of any possible data compromise

[Connor Jones](#)

Tue 6 Feb 2024 / 15:45 UTC

Global securities finance tech company EquiLend's systems are now back online after announcing a disruptive ransomware attack nearly two weeks ago.

Impact of a successful attack

- **A successful cyber attack on a PortCo:**
 1. Negatively impacts the enterprise value.
 2. Puts the entire portfolio at greater risk of being targeted by a cyber attacker.
 3. Results in a problematic exit transaction.

- **What happens after a successful cyber attack:**
 1. Ransom of intellectual property.
 2. Erosion of trust among investors and other important stakeholders.
 3. Increased cybersecurity insurance premiums.
 4. Damaged reputation, lawsuits, regulatory fines, etc.

Common Types of Successful Cyber Attacks

Business Email Compromise (BEC)

- Low Barrier to Entry
- High Potential Financial Gain
- Lack of Advanced Security Measures
- Social Engineering
- Eagle Mountain City, Utah, sends \$1.13 million to vendor impersonator

Ransomware

- Anonymous Payment Methods
- Reputation Damage and Legal Consequences
- High Potential Financial Gain
- Social Engineering
- Time Sensitivity
- Ransomware group Lapsus\$ leaks password hashes for Nvidia employees

Supply Chain Attacks

- Difficulty in Detection
- High-Value Targets
- Limited Visibility and Control
- Sophisticated Attack Techniques
- MOVEit: The attack affected over 130 organizations worldwide



Portfolio Highest Risks

- Multifactor Authentication for SaaS applications
- Personal Computers
- Regular Cybersecurity Training for Employees
- Mobile Device Management
- Keep Software and Systems Up to Date
- End of Life Hardware and Software
- Regularly Backup Data and Test Data Recovery Process
- Local Admin Rights
- Conduct Regular Security Audits & Assessments

Challenges that we hear from PE clients

Challenge 1	IT Burden
Challenge 2	Cost
Challenge 3	Convenience
Challenge 4	Deal Team Support

What should PE firms be doing?



Action item #1 – Assess cybersecurity as part of diligence during acquisitions.



Action item #2 – Prioritization and standardization of portfolio's cyber program.



Action item #3 – Review of portfolios' cyber program roadmap.



How can Drawbridge help?

Phase 1

- **Cyber Risk Assessment**
- **Cloud Assessments**

Phase 2

- **User Training & Awareness**
- **Vulnerability Scanning**
- **Penetration Testing**
- **Incident Response Tabletop Exercise**

- Risk Summary
- Program Status
- Remediation Plans

Risk Summary

Portfolio Company Breakdown ⓘ

Program Fundamentals



AVERAGES ACROSS PORTFOLIO

Program Fundamentals

48



Risk Count

48

High Risks

18

17 of 17 Total Companies ⓘ

[Export](#)

Portfolio Company	Program Fundamentals	Risk Count	High Risk Count
ABC Company	73	34	14
DEF Company	27	56	22
GHI Company	8	88	48
JKL Company	81	23	4
MNO Company	60	38	16
PQR Company	67	48	13
STU Company	60	33	9

- Risk Summary
- Program Status
- Remediation Plans

Portfolio Company Remediation

AVERAGE OF SELECTED COMPANIES

Identified Risks

24

Actioned Risks

8

% Actioned

33%



16 of 17 Total Companies

All Risks High Risks

Export

Portfolio Company	Identified Risks	Actioned Risks	% Actioned	Last Completed Assessment
ABC Company	3	3	100%	as of Jan 31, 2023
DEF Company	--	--	--	No Assessment Recorded
GHI Company	45	15	33%	as of Jan 31, 2023
JKL Company	29	0	0%	as of Jun 1, 2023
MNO Company	48	44	92%	as of Apr 12, 2023
PQR Company	17	10	59%	as of Jan 31, 2023
STU Company	3	3	100%	as of Jan 31, 2023
VWX Company	--	--	--	No Assessment Recorded

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THANK YOU!



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