

NDIA Cyber DFAR Summit

Major L. Clark, III
Office of Advocacy,
December 7, 2016

What is the Office of Advocacy?

- Independent office within the U.S. Small Business Administration, 1976, P.L. 94-305
 - Enforcing the Regulatory Flexibility Act, 1980, P.L. 96-354, as amended by the Small Business Regulatory Enforcement Fairness Act, 1996, P.L. 104-121
 - Executive Order 12866, Circular A-4
 - Executive Order 13272, 2002
 - Congressional Review Act
 - Researching the importance of small businesses to the U.S. economy and issues that are vital to their interests

Advocacy's Toolbox

- Regulatory Flexibility Act (RFA)
 - Mandates that federal agencies consider the impact on small businesses before a regulation is proposed
- Small Business Regulatory Enforcement Act (SBREFA)
 - Mandates that certain agencies convene panels of federal officials and small businesses whenever a proposed rule may have a significant economic impact on substantial number of small businesses
- Executive Order 13272
 - Mandates that agencies notify Advocacy of upcoming rules that may have a significant impact, and respond publicly to Advocacy's comment letters

The Office of Advocacy

Interagency Affairs

- Partners with federal agencies, Congress, and the White House during the regulatory process
- Hosts regulatory roundtables and conducts outreach throughout the United States
- Elevates small business concerns and facilitates greater consideration

Economic Research

- Conducts, sponsors, and promotes economic research and data to facilitate small business growth
- Provides regulatory flexibility and economic analyses during Advocacy's regulatory review process
- Hosts economic forums on small business issues

Darryl L. DePriest

Chief Counsel for Advocacy



Daniel T. Kane
Assistant Chief

- Presidentially appointed and Senate confirmed.
- 7th Chief Counsel for Advocacy.
- Committed to serving the best interests of small business.
- Former General Counsel of the American Bar Association.
- Leads a truly independent office.

Role of Small Business in the Economy

1. SBs make up 99.7 percent of U.S. employer firms.
2. SBs create 64 percent of net new private-sector jobs.
3. SBs represent 98 percent of firms exporting goods.
4. There are 27.9 million SBs in the U.S.
5. SBs produced 16 times more patents per employee than large businesses.

How is a small business defined?

- The Office of Advocacy defines a small business for research purposes as an independent business having fewer than 500 employees.
- Reality: It varies by industry, number of employees, and annual revenues.
 - See SBA's Office of Size Standards for a complete list.
- There are almost 24 million small businesses in the United States.

Cost Savings & Success Stories

- In Fiscal Year 2015, the Office of Advocacy saved small businesses over **\$1.6 billion** in potential regulatory costs.
 - Ex: Advocacy achieved \$640,000,000 in first-year cost savings for small businesses by working with EPA to minimize requirements for walk-through inspections under EPA's updated underground storage tanks standards.

“The modern thief can steal more with a computer than with a gun. Tomorrow’s terrorist may be able to do more damage with a keyboard than with a bomb.” ---National Research Council, “Computers at Risk”, 1991

What is Cybercrime?

- A criminal activity using computers and the internet.
- Department of Justice explains three ways computers are used for cybercrime:
 - The target
 - The weapon
 - The accessory
- Many different types of cybercrimes
- Social Networks are used in the crimes
- Ways to protect yourself and your computer



- Three Major Categories of Cybercrime:
 1. Cybercrimes against a person
 2. Cybercrimes against property
 3. Cybercrimes against the government



Cybercrimes against a person

- **Trafficking of obscene material**
- **Cyberharassment**
- **Violation of privacy of online citizens**
- **Identity theft**
 - **Phishing and pharming**
- **Cyberbullying**

Cybercrime against property

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- A blurred image of a person sitting at a desk using a computer. The computer monitor displays a large, detailed image of a human eye. The person's hands are on the keyboard, and a mouse is visible. The background is a solid blue color.
- All forms of property
 - Computer vandalism
 - Transmission of harmful programs
 - Theft of material on a computer

Cybercrime against the government



Other Cybercrimes

- **Downloading of illegal music files**
- **Spam**
- **Auction fraud**
- **Non-deliverance of merchandise**
- **Credit card fraud**

Social Networks and Cybercriminals

- Spammers taking advantage of social networks
- Vehicles to distribute malicious programs
- Not easily blocked
- Stolen credentials of Facebook can sell for \$75-\$200
- Can abstract addresses, contact lists, birthdates, hometowns, photos
- Facebook creating recent partnerships with Microsoft and Mcfee



The Cyber landscape

1. The average total cost of a data breach for the participating companies increased 23 percent over the past two years to \$3.79 million.
2. The average cost paid for each lost or stolen record containing sensitive and confidential information increased 6 percent, jumping from \$145 in 2014 to \$154 in 2015. The lowest cost per lost or stolen record is in the transportation industry, at \$121, and the public sector, at \$68. On the other hand, the retail industry's average cost increased dramatically, from \$105 last year to \$165.

SBs and Cybersecurity

- An October, 2012 study of [small and medium-size business] security practices by the National Cyber Security Alliance and Symantec interviewed more than one thousand businesses with less than 250 employees and found that: 90% do not have an internal IT manager focused on technology-related issues; 87% do not have a formal written Internet security policy; 68% do not provide any cyber-security training to their employees; and 83% do not have an automated systems that requires employees to periodically change their passwords - See more at:
<http://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=325034#sthash.ytxA5D1m.dpuf>

SBs and Cybersecurity, cont

- the majority of cyber-attacks happen at small businesses. In fact, 71 percent of cyber-attacks occur at businesses with fewer than 100 employees. - See more at:
<http://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=398099#sthash.ZpSnK0Lv.dpuf>

SBs and CyberSecurity

- Attacks on small- and medium-sized companies, which accounted for 60 percent of targeted attacks, increased 26 and 30 percent, respectively.

Small Business Issues

- 1. Federal marketplace
 - a. prime contractors
 - b. subcontractors
 - c. supply chain
- 2. SB retailers

How to protect yourself from Cybercrime

- Get educated on Internet crimes
- Use caution with passwords
- Protect your computer using firewalls and virus protection
- Use common sense!

Conclusion


- Insurance
- Government regulations
- Supply chain management

Thank you.

ANY QUESTIONS?

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