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Don't Miss the Growing SMB Security Services Opportunity

SMB Security Survey

Telco Security Trends, Q3 2023

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Executive Summary

Spoiler alert:
Dangers are growing and SMBs need CSPs to deliver safe, secure broadband

It's a classic win-win situation. There is a huge, demonstrated need and there is a ready solution that can easily generate high business value that will grow steadily, over time. Your SMB customers desperately need cybersecurity and you, the communications service provider (CSP), are perfectly positioned to deliver.

Allot revisited the SMB community to check developing attitudes about cybersecurity, and not surprisingly their need for cybersecurity is growing more acute all the time.

Back in August 2022, Allot commissioned an independent study from Coleman Parkes Research, a global market research agency. They spoke to a thousand small businesses in North America, Asia, and Europe to find out their perspective on cybersecurity and discover how they secure their business.

Results were published in the "Shelter Your Small Business Customers from the Cyber Storm" Telco Security Trends report, which highlighted some very interesting data about Small business owners in 2022.

It's been about a year since then. So, Allot revisited the SMB community in North America and Germany to check developing attitudes about cybersecurity. See the appendix at the end of this report for details on the survey methodology but keep reading here to learn the informative results.

More cybersecurity insight:
Also included within this new report is a special section about SMBs in Australia and New Zealand.

Most trends continue to intensify

The period from 2022 to 2023 has seen an increase in cybersecurity incidents, indicating a growing threat landscape. Larger SMBs and those with mobile-only internet access are most vulnerable, with a significant percentage experiencing attacks.

SMB owners are today more concerned that outdated technology, threats from remote devices, vulnerabilities from personal devices, and access to inappropriate content are growing problems for their business and they need a solution.

Due to these concerns, the demand for hassle-free security solutions has grown, and there's an increased willingness to pay for additional cybersecurity services.

SMBs face challenges related to employee involvement, cost of technology, and barriers to getting protected. There's a need for user-friendly, comprehensive protection, and reputable security solutions.

Industry sources paint an even more grim picture than our survey sample. Regardless, the SMB need for cybersecurity is clear.

SMB Cyberattacks Continue to Increase

Increase in incidents

13%

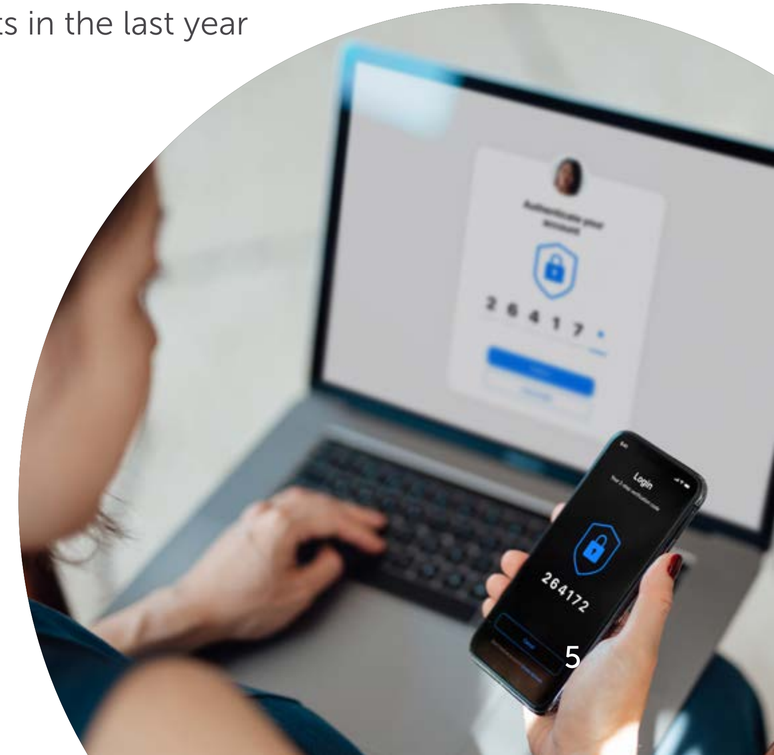
rise in the percentage of SMBs under attack in the last year

1/3

SMBs in the Financial Services sector and Larger SMBs of all types reported attacks last year

21%

of Companies with mobile-only internet access experienced cybersecurity incidents in the last year



SMB Cybersecurity Concerns Continue to Grow

Perceived cause of vulnerability

In 2023 compared to 2022, SMB owners in Germany, Canada, and the USA are more concerned about the following vulnerabilities:

- Threats from remote devices up from 59% to 67%
- Threats due to remote working/ personal device use up from 54% to 59%
- Threats due to outdated technology up from 36% to 38%

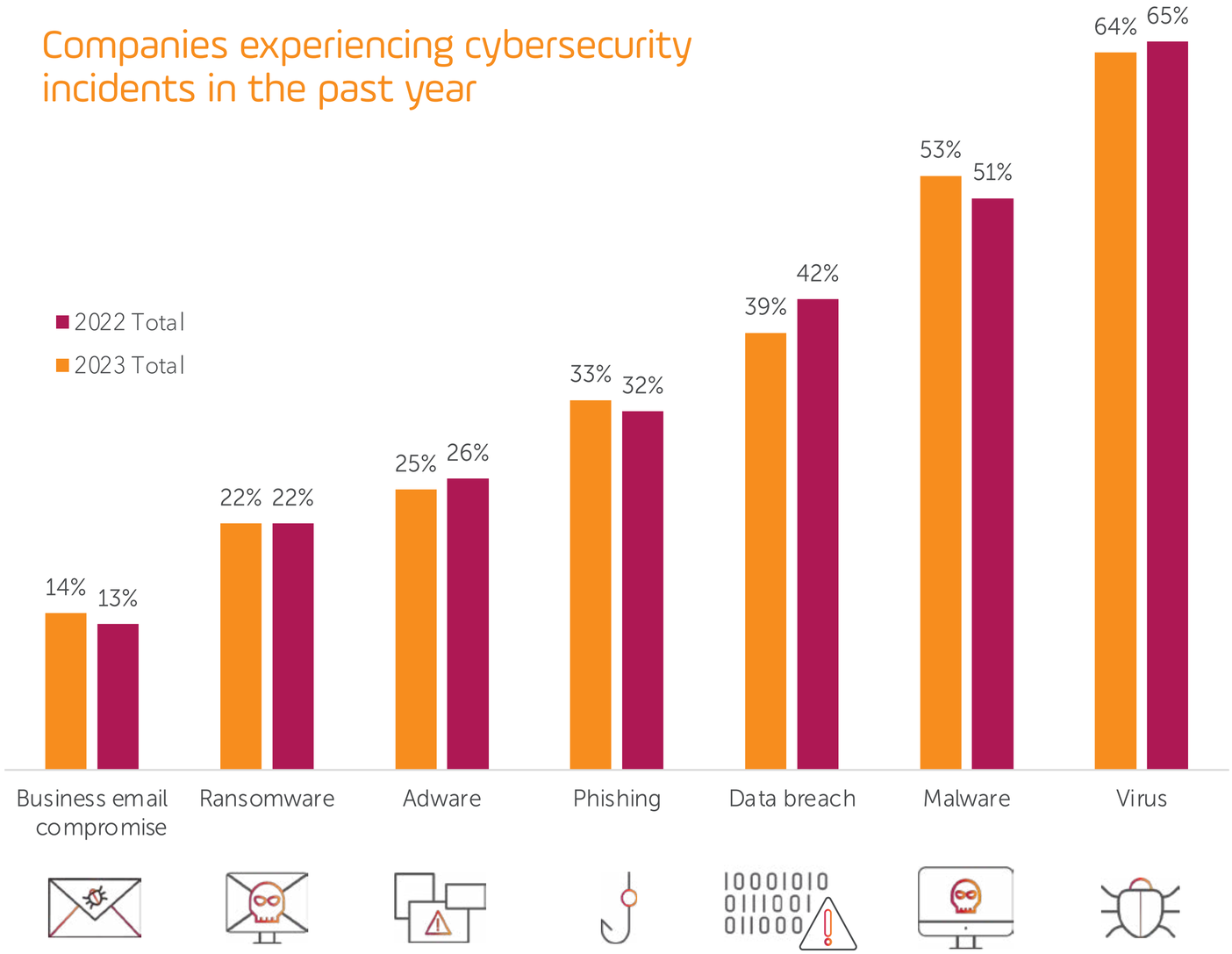
In short, in 2023, small businesses are more concerned about employees putting IT security at risk and they express the need – 17% more in 2023 than in 2022 – for a hassle-free means of protecting their company.

6 out of every 10 small businesses are concerned about employees putting IT security at risk

Good Reason for Fear

As we mentioned above, our survey respondents in Germany, Canada, and the USA reported a 13% rise in incidents. The distribution of attack types they faced was very consistent over the past two years:

Companies experiencing cybersecurity incidents in the past year



The FBI paints an even more grim picture in their ic3.gov report, reporting more than 800,000 internet crime complaints, with the potential total loss growing from $6.9 billion in 2021 to more than $10.2 billion in 2022.

Cybercrime data from the European Union is also quite disturbing with a recent report indicating that 28% of European SMEs have experienced at least 1 cybercrime in the previous year.

verizon

Verizon, a leading US service provider reported in their 2023 Data Breach Investigations Report state that small and midsize businesses are most at risk, with 94% of all breaches due to external attacks.

In this environment, it is not surprising that Verizon has recently launched the Verizon Business Internet Security solution, based in part on Allot Secure, for their business customers, to provide them with cybersecurity from within the Verizon network.

Telefónica

Telefónica is addressing this trend, too, with its Conexión Segura Empresas (Secure Business Connection), the cybersecurity solution developed by Allot. Conexión Segura Empresas prevents threats derived from browsing the internet in SMB environments and extends protection to devices on the fixed broadband network.

Despite Their Concerns, Many SMBs Remain Unprotected

High percentage of companies in each sector still not blocking cyber threats

Our survey found that 37% of companies in Germany, Canada, and the USA still do not block cyber threats and remain unprotected. Not surprisingly, the Hi-tech sector is best protected (76%) but even there, 1 in 4 companies are vulnerable.

Access to inappropriate content is available to over HALF of SMBs – an increase of 18% since 2022.

It's clear that SMBs are at risk and need better protection. Why isn't this happening?

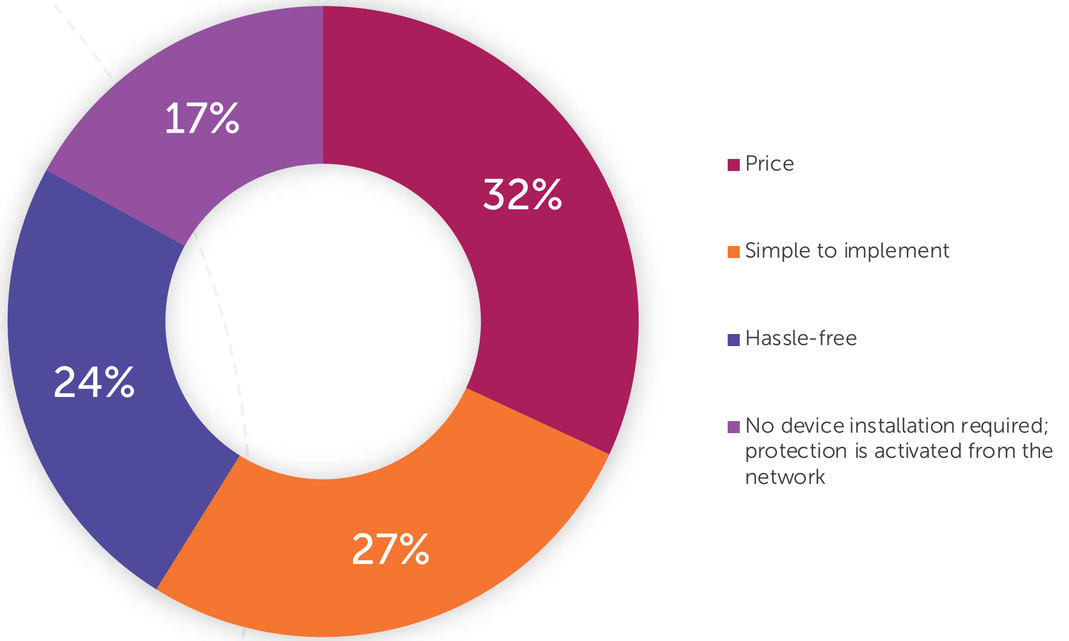
Roadblocks to protection

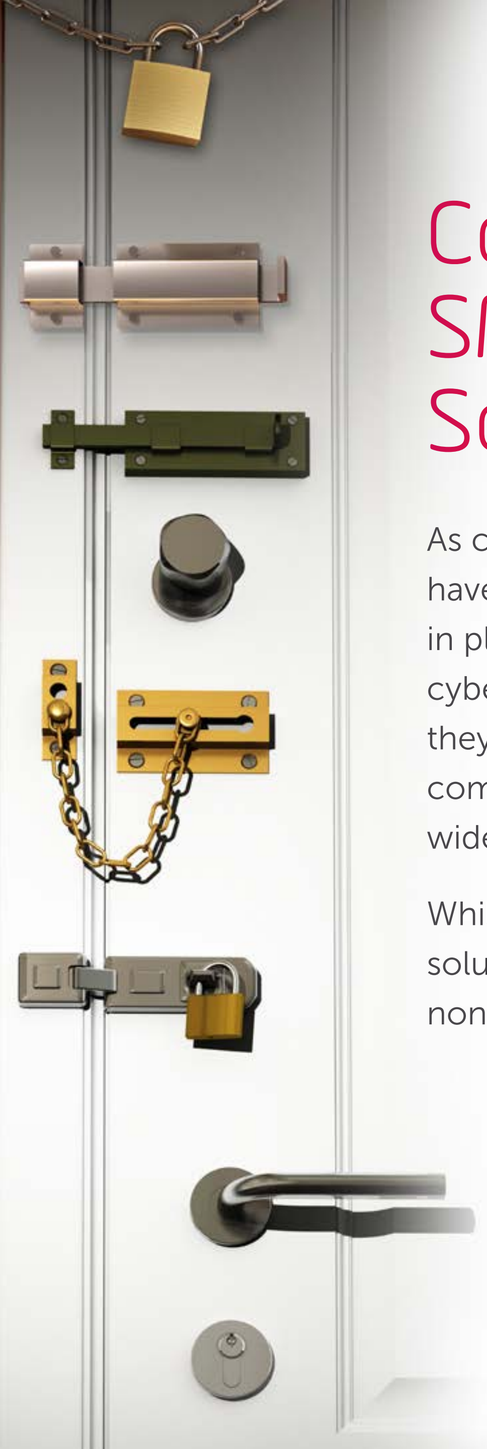
The companies surveyed reported a variety of obstacles that keep them from improving their current IT security position. The top barriers to better protection were the cost of technology and the fact that there are too many products from which to choose. SMB owners in Germany, Canada, and the USA increasingly report that their employees are too busy to focus on IT security and that it's not part of their job (up from 17% to 22%).

What they are looking for

Given that SMB owners are aware that they are at risk and don't have the time or resources to focus on security, and because they typically don't have a dedicated person for this topic, they need hassle-free solutions that are both easy to use and not too expensive.

Most important criteria when selecting cybersecurity solutions:





Common SMB Security Solutions

As can be seen above, some SMBs have some security solutions in place. When asked what cybersecurity protection solutions they have currently deployed, companies, on average, reported a wide range of answers.

While this indicates a wide range of solution types it is noteworthy that none is particularly widespread.

37% Reported a firewall provided by their communication service provider (CSP)
About half of Manufacturing and Financial Services companies have deployed a firewall provided by their CSP for cybersecurity protection.

33% Reported endpoint security
For Healthcare and Accounting companies, only about 20% choose endpoint security solutions.

30% Had a router with security features from their CSP
Only about 20% of Consumer Services companies are currently using this solution, potentially signifying a market opportunity for CSPs!

26% Reported web filtering
Compared to other sectors, only about 13% of Accounting companies are currently deploying web filtering.

24% Had a firewall provided by someone else

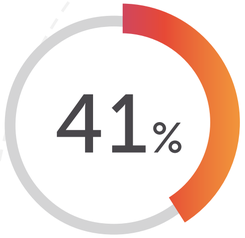
18% Had a router without security features

16% Had a router with security features provided by someone else
For Legal companies, this number is 50% higher, signifying that CSPs might be missing out on opportunities in this sector.

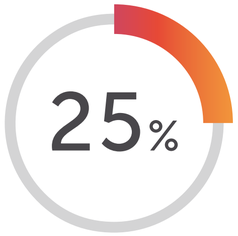
Responsibility for providing cybersecurity in SMBs

As mentioned above, studies show that SMBs are increasingly targeted by hackers and yet our survey shows that about 3 in 5 companies do not have a dedicated IT Security role.

On average, 9% of SMBs in Germany, Canada, and the USA have nobody responsible for cybersecurity.



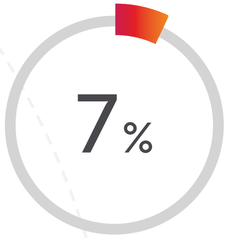
IT system integrator/ supplier



IT system integrator/ supplier

Managed security service providers (MSSP)

Telecommunications Service Provider



I prefer to handle it internally

73% or more of Legal, Accounting, Retail, and Consumer Services companies have no dedicated cybersecurity resource at all!

Barriers to Improving SMB IT Security

If SMBs were to select a cybersecurity solution, what would drive that selection?

When asked about the top 3 most important criteria when selecting cybersecurity solutions, surveyed businesses in Germany, Canada, and the USA replied with some very interesting answers.

It's not surprising that price is paramount for a small business, but when looking at the features of the solution, complete protection, simplicity of implementation, and provider reputation are the top requirements.

Compared to 1 year ago, SMBs looking for hassle-free security jumped from 29% to 34% in 2023.

This undoubtedly reflects the growing sense of vulnerability we all feel in response to repeated news stories about cyberattacks and their outcomes.

Attitudes toward CSPs

We said at the outset that CSPs are in a win-win scenario.

Why do we say this?

What do SMBs think about CSPs when it comes to cybersecurity?

First, our survey shows that SMBs continue to look to CSPs for security solutions and their willingness to pay for cybersecurity protection rose to 40%.

When you consider that a casual perusal of Google shows there are 33 million SMBs in the US, 5.5 million in the UK, 3.9 million in France, 6 million in Brazil, 7.4 million in Kenya, and over 60 million in India, you can begin to appreciate the potential of this market.

Secondly, as a point of reference, the new **Verizon Business Internet Security** solutions we mentioned earlier are priced at $10 per month for the basic package with a premium version for $20 per month. Multiply this by a reasonable percentage of your SMB customer base and you get the picture.

Finally, according to the survey, 3 in 4 SMBs in Germany, Canada, and the USA would be likely to switch to a new Internet service provider if they were offered a security service, with 31% saying they would and 43% saying they probably would.

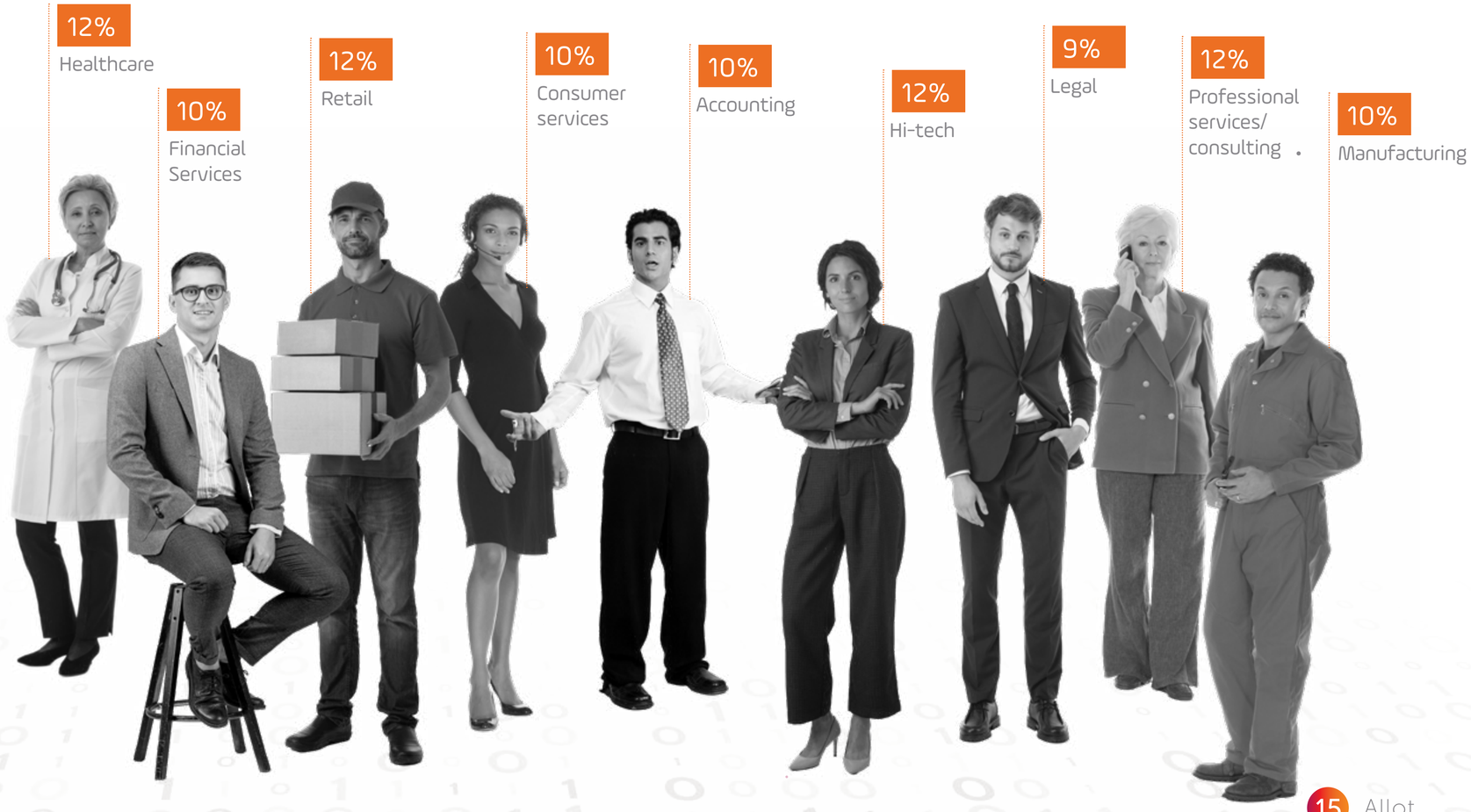
Interestingly, bigger companies are even more likely to switch.

Not all SMBs are alike

Interesting differences among SMB sectors

- **High-tech** – Even though SMBs in the High-tech sector are among the best protected against cyberthreats, 1 in 4 companies are still vulnerable to cyberattacks.
- **Manufacturing & Retail** - Complete protection, hassle-free security, simplicity of implementation, and provider reputation are especially important for Retailers and Manufacturers (for at least 2 in 5).
- **Legal** - When asked, "Who manages IT security at your business?", 17% of SMBs in the Legal sector answered "No one."
- **Accounting** – When asked, “What, if anything, is blocking your company from improving its current IT security position?”, 69% of SMBs in the Accounting sector indicated that there are “Too many products & services to secure.”

SMBs participating in the survey were from a range of sectors



Differences in Connectivity

When asked, “How is your business primarily connected to the internet?”, data received from SMB survey respondents in Germany, Canada, and the USA indicated some interesting differences among the sectors.

	Hi-Tech	Manufacturing	Professional services/ consulting	Retail	Consumer services	Healthcare	Legal	Accounting	Financial Services
Mobile devices	7%	17%	12%	17%	17%	23%	20%	20%	21%
Fixed broadband	31%	19%	29%	26%	17%	17%	27%	33%	30%
Fixed Wireless Access (FWA)	15%	12%	16%	21%	23%	37%	27%	22%	12%
Mobile devices & Fixed Broadband	31%	29%	21%	19%	26%	15%	17%	16%	16%
Mobile devices and FWA	15%	24%	21%	17%	17%	8%	10%	9%	21%

Beyond the above segmentation, we found it interesting to note how widespread Fixed Wireless Access already is. This is expected to grow dramatically higher as 5G proliferates - because 5G will make Fixed Wireless Access an even more attractive alternative to a fixed line router - and in some regions it will be the best broadband option available. In this scenario, all the devices behind your SMB router (or your home router) receive their broadband connectivity from the router’s SIM card, just like your mobile devices do when you are out and about. As we will discuss below, Allot NetworkSecure is the world’s leading mobile network-based cybersecurity solution, protecting end-user devices – blocking malware and inappropriate or dangerous content – from within the network – and was selected by Verizon for the FWA portion of their Business Internet Security solution discussed previously.

Different Growth Trends Across Different Geographies

SMBs are not doing enough to protect themselves despite 69% in the US and 56% in Canada being concerned:

- In the US and Germany, access to inappropriate content is available to over HALF of SMBs – an increase of 15% in the USA and 19% in Germany since 2022.
- In Canada 2 in 3 have access – an increase of 17% since 2022.

SMBs feel most vulnerable from outdated tech, remote and personal devices:

- In Canada and Germany, the smart and IoT devices threat has increased
  - From 19% to 34% in Canada
  - From 35% to 40% in Germany
- In the US, potential threat from outdated technology affects 38% of SMBs (up from 36%)
- In Canada it is 43% (up from 38%)
- In both US and Canada over half of SMBs are concerned about the threat from remote / personal devices. In Germany, it is relevant to 7 in 10 SMBs.

SMBs are looking for complete protection, hassle-free security, simplicity of implementation & provider reputation. Top drivers are:

- simplicity in Canada
- complete protection in the US (almost half of SMBs)

In Germany, the proportion of SMBs who express a need for complete protection increased from 37% to 49%, with SMBs looking for hassle-free security up from 24% to 35%.

SMBs lack dedicated financial resources, understanding of security needs, and personnel:

- In Canada, there was a significant rise in lack of knowledge to understand what is needed from 27% to 49%.
- In Germany, there is an upward trend in employees being too busy to focus on IT security / not part of their job (from 15% to 25%).

Focus on Australia and New Zealand

And now for something completely different...

Australia and New Zealand have their own unique SMB market characteristics, which we also see in the world of cybersecurity.
In addition to the US, Canada, and Germany data featured within this report, the survey also uncovered some very interesting information about SMB companies in Australia and New Zealand, based on the 100 SMBs we surveyed.

SMBs in Australia and New Zealand are not doing enough to protect themselves.
Access to inappropriate content is available to HALF of SMBs and 1 in 4 still do not block cyberthreats.
In Australia and New Zealand, only half of SMBs are confident that they have NOT experienced cyberattacks.

Types of cyber-related risks considered to be biggest threats to businesses in Australia and New Zealand:

1. Threats from remote devices - affect 6 in 10 SMBs
2. Personal devices in the workplace
3. Lack of IT awareness

In Australia and New Zealand, SMBs are willing to switch to CSPs providing cyber security:

- 4 in 5 SMBs may be willing to switch to a CSP with cyber security.
- Bigger companies globally are more open to switching.
- Globally a higher proportion of larger SMBs and those with primarily mobile internet access are likely to pay extra for a cyber security solution.

SMBs in Australia and New Zealand are looking for complete protection, which is the top requirement when choosing a security provider.

Targeting High-Risk Customers

As we have seen, SMBs desperately need threat protection and content filtering and Allot can help CSPs deliver this, through the network.

Threat Protection

Viruses, ransomware, phishing, crypto-jacking, and spyware are among the many threats businesses face every day. Network-based threat protection can keep the small business safe against all kinds of malware and online threats. These threats can cause major disruption to business operations, financial loss, compromise customer data, and damage the company's reputation. Allot Secure:

- Offers zero-touch deployment that delivers protection via the network
- Protects all on-premises PCs and devices, as well as all mobile devices, instantly against malicious sites
- Checks every website request for threats
- Doesn't require IT expertise or management
- Provides reports of security level and threats blocked.

Content Filtering

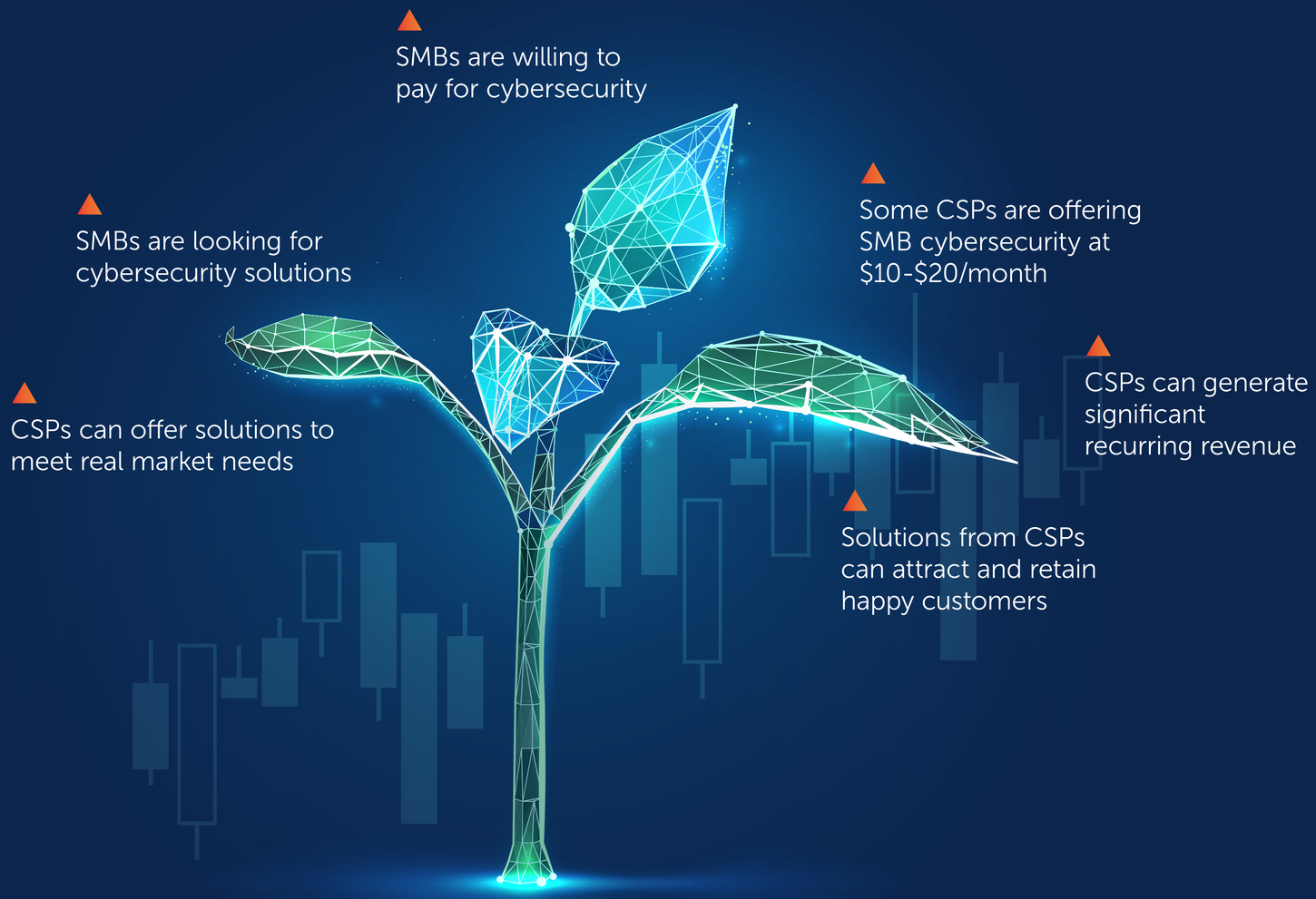
Internet connectivity is vital to any business, but it can also seriously damage productivity. Employees can be easily distracted and waste time and network bandwidth. Employees and the business itself can be protected by having access to inappropriate and offensive content automatically limited or blocked.

Allot Secure enables the business owner to configure default policies to:

- Restrict content access by blocking employees from visiting offensive/inappropriate websites that damage productivity & put the company at risk. It would filter requests from all PCs and devices according to the categories selected for blocking (i.e., gambling, pornography, ecommerce, social media)
- Block or allow specific sites, listing websites that the business wants to always block or allow, that override the category definitions. For example, allow specific ecommerce sites used for business procurement.
- Increase productivity, reduce risk of inappropriate behavior.

Conclusion: A Huge, Growing Opportunity for CSPs

The conclusions are straightforward. There is clear and present danger and SMBs are at high risk for cybercrime. They are targeted, they lack resources, they look to CSPs for security, and they are willing to pay for it. A substantial number even indicated they would switch CSPs to get security.



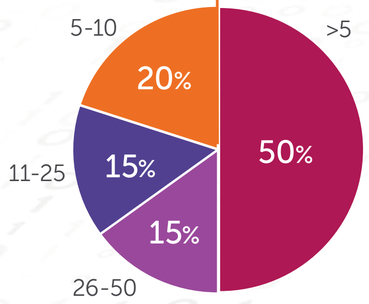
Survey Methodology

During June and July of 2023, Coleman Parkes Research set out to learn more about SMB perspectives on cybersecurity and to discover how SMBs protect their businesses against cyberthreats.

450 SMB owners/managers in the United States, Canada, and Germany were surveyed about the current state of their cybersecurity, their willingness to pay for cybersecurity solutions, and their feelings about cybersecurity offerings from CSPs.

In addition, at a later date, 100 SMBs from Australia and New Zealand were surveyed and their data was analyzed and presented separately in this report.

Employee No.



Connectivity

25%	Primarily through broadband
22%	Mobile devices and fixed broadband
20%	fixed wireless access (FWA)
17%	Mobile devices
16%	Mobile devices and FWA

Geography

200	US
150	Canada
100	Germany
100	Australia / New Zealand (presented separately)

Resources

The following resources provide additional insight to CSPs looking to secure their SMB subscribers.

The Top SMB Cybersecurity Challenges
Read the Blog

Don't Miss the Growing SMB Security Services Opportunity
Watch the Webinar

Integrating Cybersecurity Into Telecom Service Infrastructure
Listen to Podcast

Why you should deliver network-based security to your SMB customers
Watch the Webinar

Sheltering SMBs from the cyber storm
Read the Report

Network security for business consumers
Learn more

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Learn how telcos can increase revenue and differentiate themselves by keeping their SMBs customers secure and protected.

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