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



Chief Counsel for Advocacy

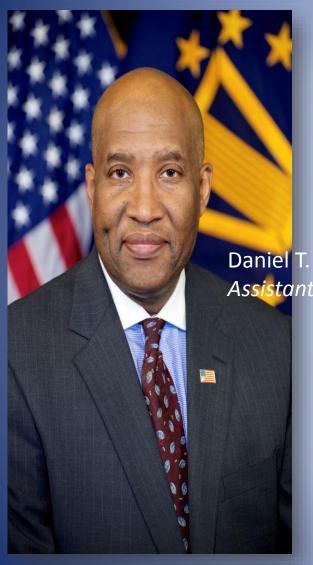
 Presidentially appointed and Senate confirmed.

• 7th Chief Counsel for Advocacy.

Daniel T. Kane

Assistant Chiefommitted 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 privatesector 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

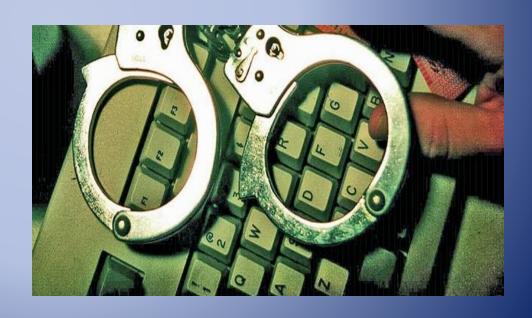
- In Fiscal Year 2015, the Office of Advocacy saved small businesses over \$1.6 billion in potential regulatory costs.
 - Ex: Advocacy achieved \$640,000,000 in first-year cost savings for small businesses by working with EPA to minimize requirements for walk-through inspections under EPA's updated underground 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 Caitegories of 1. Cybercrimes against a person 2. Cybercrimes against property Cybercrime: 3. Cyberchimes against the

government



Cybercrimes against a person

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



- 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/docum entsingle.aspx?DocumentID=398099#sthash.Z pSnK0Lv.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?

EXPLORE ADVOCACY!

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- Listservs (News, regulatory news, research and statistics)
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