

**Low Awareness, Lagging  
Implementation, Little Incentive:  
The State of Cyber Readiness  
Among Small and Medium-sized  
Businesses  
2024**

CRI contacted a cross-section of organizations. Fewer than one in five rates SMB cyber capabilities as “effective” or “somewhat effective.”

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## Introduction

Small and medium-sized businesses (SMBs) are the lifeblood of the global economy, driving innovation, creating jobs, and spurring local prosperity. An estimated 350-to-400 million SMBs employ at least half of the world's workforce and produce upwards to half the gross domestic product (GDP) in many developing countries. SMBs interact daily with the world's billions of consumers and occupy essential spots in the global supply chains of the world's largest corporations.

They also hold a precarious position in the global economy: they are highly vulnerable to the threat of cyber intrusion while often ill-equipped and unaware of how to defend themselves. This vulnerability inadvertently places their customers, business partners, and global supply chains at greater risk. The majority of SMBs lack the knowledge to take action or even where to start. Limited budgets, inadequate expertise, time and resource constraints, a general misunderstanding of the evolving cyber threat landscape, and the misconception that their size makes them unlikely targets all contribute to the risk.

As a result, SMBs serve as tempting gateways to bigger prizes—large enterprises, global supply chains, and critical infrastructure that represent the prime targets of bad actors globally – which is why almost two-thirds of all cyber attacks target them<sup>1</sup> and why nearly every organization globally has a vendor that has suffered a data breach<sup>2</sup>.

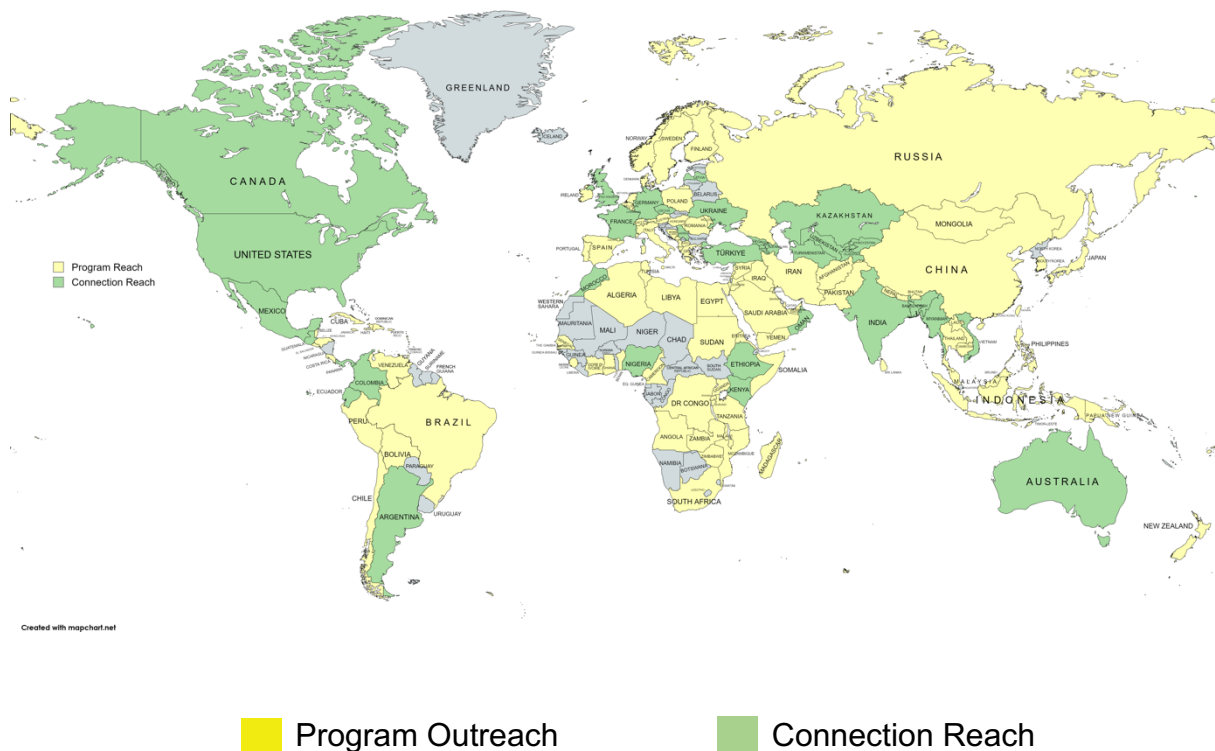
It is vital to understand where SMBs stand on the cybersecurity battleground, and what steps are necessary to equip them to address threats that evolve on almost a daily basis.

The Cyber Readiness Institute (CRI) was launched in 2017 to address the underserved needs of the SMB community by focusing on human behavior and

organizational culture. Its co-chairs and founding members -- including Apple, ExxonMobil, General Motors, Mastercard, Microsoft, Principal Financial Group, PSP Partners, T-Mobile, and the Center for Global Enterprise -- saw a pressing need to provide resources, technology, and leadership to better secure SMBs against cyber threats. Their collaboration has shaped the development of free content and tools aimed at preparing for, responding to, and recovering from incidents affecting SMBs worldwide.

Leveraging the expertise of its members and partners, CRI has emerged as a leading resource for SMBs around the world seeking to improve their cyber readiness. To date, CRI's Cyber Readiness Program has reached an estimated 22,000 individuals in more than 1,300 organizations spanning 178 countries across nearly 100 industry sectors.

## Global Reach of CRI's Program Enrollment and Partnerships



CRI's 2022 "[Roadmap for Preparing SMBs to be Cyber Ready](#)" identified three key areas to help SMBs improve their cyber readiness: **Awareness, Implementation, and Incentives**. These themes form the basis for CRI's global initiatives and programs aimed at supporting SMBs and building more secure global supply chains.

In early 2024, CRI reached out to a cross-section of SMBs, large corporations, cybersecurity providers, and non-profit organizations to assess the state of cyber readiness and to identify actions that can expand on these core themes of Awareness, Implementation, and Incentives. While this report offers valuable insights, it is intended as a call to action for a more in-depth analysis of strategies for enhancing the cyber resilience of this vital community.

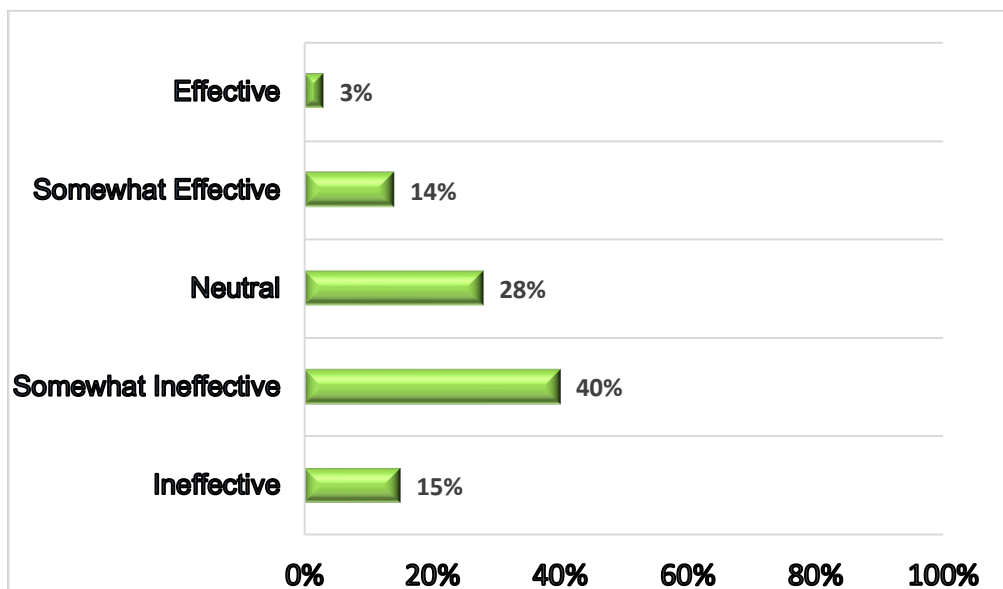
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## Executive Summary

There's one thing that everyone we engaged agreed on: the state of cyber readiness among SMBs requires immediate attention and concerted efforts from all stakeholders, including regulators, global enterprises, supply chain operators, industry associations, cybersecurity firms, and, of course, SMBs themselves. Increasing awareness, facilitating the implementation of solutions, and providing incentives are crucial steps toward fortifying these businesses against evolving cyber threats.

Perhaps the best way to address that gap is to understand the depth of the challenge: less than one in five respondents rated the cybersecurity capabilities implemented by SMBs as effective or somewhat effective. That's unacceptable in any context.

How would you rate the cybersecurity capabilities currently implemented by SMBs?



While SMBs are increasingly aware of the need to improve their security and resilience, implementation lags, and many do not feel there are sufficient incentives for preventative cyber measures. Relying solely on voluntary actions is proving insufficient as SMBs struggle with implementation, cyber intrusions escalate in frequency, and frustration with the status quo grows.

Among the observations and conclusions of our respondents:

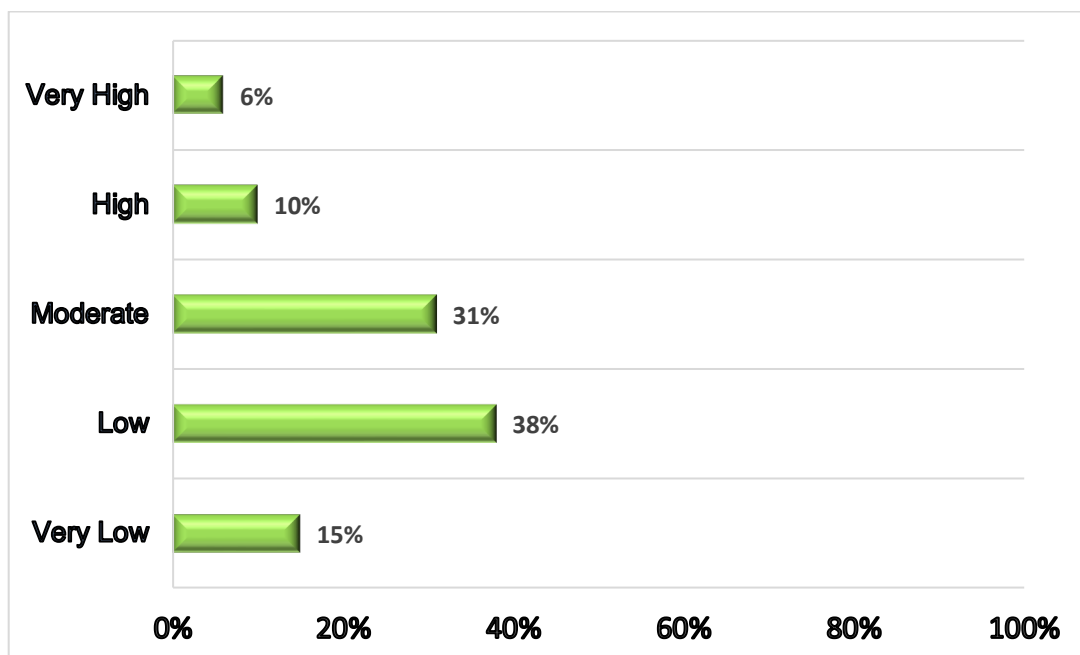
- **Limited Awareness:** SMBs have low to very low levels of awareness regarding the cybersecurity risks facing their businesses.
- **Primary Threats:** Ransomware attacks and phishing emails are perceived as the most significant cyber threats against SMBs.
- **Attack Consequences:** Business continuity disruption, data breaches, and financial losses are seen as the greatest risk for SMBs.
- **Confidence in Prevention Programs:** Software updates and phishing awareness training generate modest levels of confidence at best, with little faith in incident response and backup of critical data.
- **Regulatory Gaps:** Current cybersecurity regulations and compliance requirements are widely considered ineffective.
- **Incentive Deficiency:** Incentives for SMBs to invest further in cybersecurity are insufficient.
- **Obstacles to Action:** A lack of understanding of cyber risks, competing business priorities, and perceived cost of cybersecurity solutions are the biggest hurdles to SMB cyber readiness.

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## The State of SMB Cyber Readiness

A significant portion of the participants we surveyed believe that SMBs have what can only be described as a passing awareness of cyber threats. A plurality of CRI's respondents believe SMBs as a whole exhibit "low" to "very low" levels of awareness, while less than one in five consider awareness levels to be "high" or "very high." If "awareness" is indeed the first step in building a line of defense, these troubling numbers suggest that many SMBs are inadequately prepared against cyberattacks.

What is the current level of awareness that SMBs have regarding cybersecurity risks facing their businesses?





## **Most-Feared Cyber Threats**

More than half of our respondents consider phishing emails, business compromise email (BEC) attacks, and ransomware attacks the most significant cybersecurity threats to SMBs. It's not surprising that phishing emails and ransomware threats lead the list, considering the prevalence of these attacks in recent years and the ease with which phishing emails can deceive recipients, especially as bad actors apply generative AI tools to make their efforts more sophisticated, more believable, and harder to detect.

## **Impact of Cyberattacks**

The primary risks of cyberattacks on SMBs include disruptions to business continuity, financial losses, and data breaches -- underscoring the need for more robust cybersecurity measures.

Four in ten respondents identified business continuity disruptions as the most significant consequence of cyber attacks, underscoring just how critical data and system availability are to day-to-day SMB operations. Data loss (data unavailable or stolen) was cited by a third of respondents, followed by financial losses.

## **Confidence in Overall Cybersecurity Capabilities**

While confidence in the overall effectiveness of current cybersecurity capabilities implemented by SMBs is concerningly low, many respondents exhibited confidence in the power of strong passwords and the use of multifactor authentication (MFA). Respondents also saw value in automated software updates and benefits in keeping software systems up to date to prevent vulnerabilities. On the other end of the scale, a lack of confidence in SMB capabilities around incident response, phishing training, and backup of critical data underscore perceived weaknesses in SMB cyber readiness.

## **Barriers to Effective Cybersecurity**

SMBs perceive cybersecurity solutions to be expensive, hindering investment in this crucial area. Cybersecurity often competes with other pressing business needs for attention and resources. Coupled with SMB owners and decision-makers generally possessing a limited understanding of the risks associated with cybersecurity, this results in a perfect storm of vulnerability.

### **Top Obstacles to Driving Awareness of the Importance of Cyber Readiness**

- Perceived cost in time and money
- Lack of understanding of the risks
- Competing priorities within the business
- Lack of solutions designed for SMBs
- Lack of awareness training for employees

As a result, cost considerations, talent shortages, and integrating cybersecurity tools with existing systems conspire against the effective implementation of cyber measures. Overcoming these challenges requires strategic investments, talent acquisition, and seamless integration of cybersecurity solutions – all a challenge for resource-strapped SMB owners.

## **Effectiveness of Current Incentives**

Another area of concern: SMBs lack sufficient incentives from regulators, partners, or customers to invest more in cybersecurity, indicating a need for supportive policies to promote cyber readiness.

Government grants or subsidies, tax breaks for cybersecurity investments, and reduced cyber insurance premiums for cyber-secure businesses were all identified as effective incentives for encouraging SMBs to prioritize cyber readiness.

### **Most Effective Incentives to Encourage SMBs to Prioritize Cyber Readiness**

- Tax breaks for cybersecurity investments
- Government grants or subsidies
- Reduced insurance premiums for cyber-secure businesses
- Cybersecurity requirements from customers
- Stricter government regulations and penalties

### **Perception of Regulations**

While opinions vary, about half of respondents believe current cybersecurity regulations and compliance requirements are “somewhat effective.” However, only one in ten respondents indicated that they consider current requirements effective or very effective, highlighting the need to strengthen regulatory frameworks and industry standards.

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## **A Path Forward**

The challenges appear daunting, but there are practical steps to reduce risks and significantly improve the resilience and security of SMBs, including enhancing awareness, simplifying solutions, collaboration, incentivizing action, and developing regulations better tailored to the needs of SMBs.

Most critically, SMBs require access to cybersecurity resources such as easy-to-adopt programs that can strengthen their everyday operations while reducing risk for their customers, partners, and supply chains. Efforts start with education and training to create cultures of cyber readiness in every SMB, regardless of size or business sector.

Addressing human behavior is a non-technical solution that costs little yet eliminates at least three-quarters of the causes of cyber incidents<sup>3</sup>. Few SMB owners or employees intentionally fall prey to cyber-attacks, but lack of training and awareness provides bad actors with an open door into too many businesses.

We've seen first-hand the value of education: our Cyber Readiness Program is a proven success, with four out of five SMBs saying they experienced a very high/high impact on their organization's cyber readiness after going through the program.

Which brings us back to CRI's multi-pronged approach to combatting cyber threats:

### ***Awareness***

Getting SMBs to recognize that there are simple solutions and to act must continue to be stressed by industry and government leaders. Simple ways to raise awareness include:

- Continuous education campaigns for businesses and their employees are essential to highlight the risks they face as well as the benefits of implementing robust cybersecurity.
- Public awareness campaigns are needed to highlight the true cost of cyberattacks – including being truthful about the consequences of poor security protocols. Showcasing real-world stories of impacted SMBs helps dispel complacency and galvanizes action.
- Knowledge sharing among SMBs through industry associations, peer networks, and community-driven initiatives can inspire others and provide best practice resources. Some may be reluctant to share their stories, but all benefit when breached organizations come forward.

Finally, leadership buy-in is crucial. When SMB owners and senior leaders prioritize cybersecurity, they send clear messages to their entire organizations about the importance of creating cultures of cyber readiness and managing threats to their businesses.

## ***Implementation***

While awareness is imperative, without the proper implementation, most businesses, including their customers and suppliers, remain exposed. To spur implementation, SMBs need:

- Cyber leaders and coaches who are charged with championing and guiding the implementation of cyber readiness programs within their businesses. CRI has successfully deployed cyber coaches to help SMBs complete our Cyber Readiness Program and verify their results.
- Programs aimed at SMBs in industry sectors to bolster resilience, foster economic growth, and increase trust at regional levels. At CRI, we are piloting programs for water utilities and manufacturers in the energy sector with help from private companies, other non-profit organizations, and U.S. agencies.
- Technology vendors, managed security services providers (MSSPs), and Internet service providers (ISPs) need to play a proactive role by offering cybersecurity tools and services that are easy to understand, deploy, and manage for SMBs with limited technical expertise.

- Policies that require MFA for cyber insurance, government contracts, and supply chain participation. According to CRI member Microsoft, MFA alone can prevent 99% of cyber intrusions<sup>4</sup>.

## ***Incentives***

Let's be honest: with all the competing areas for attention and investment, SMBs still need compelling incentives to prioritize cybersecurity. All stakeholders, including insurance providers, supply chain operators, government agencies, and others play an important role. Among the approaches CRI recommends:

- Implement reasonable and tailored cybersecurity standards for specific industries or data types – and hold SMBs accountable for protecting their data.
- Compel investment in cyber insurance through tax breaks or subsidies that make it more accessible to SMBs and encourages them to prepare for and mitigate potential damage to their businesses, customers, suppliers, and partners.
- Introduce tax breaks, subsidies, or other financial incentives to make cybersecurity investments in people, processes, and technology more attractive for SMBs.
- Build into local business licensing application and renewal process clear requirements to participate in programs that help SMBs understand and implement best cyber hygiene practices.
- Offer free regional-level programs to help local businesses understand simple, non-technical steps they can take to secure their operations, and use these programs as recruitment tools to attract and retain small businesses.

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## Conclusion

Discussions of cybersecurity challenges typically focus on the vulnerability of our largest corporations, national security threats, and massive leaks of online identities.

While solutions for these challenges are necessary, they are not enough. The threats we face are not restricted to the upper echelon of business or government, but the current trickle-down approach that shoehorns enterprise-level cybersecurity tools into solutions for SMBs is not effective for the businesses that provide the foundation of our global economy

As cyber threats continue to evolve, collaborative efforts and strategic public and private investments are crucial to building a more secure digital ecosystem for SMBs and promoting sustainable growth in the digital age.

The findings of this 2024 State of SMB Cyber Readiness report underscore the urgent need for proactive measures to strengthen cyber resilience among SMBs. By focusing on human behavior to enhance awareness, address implementation challenges, and provide supportive incentives, stakeholders can empower SMBs to effectively mitigate cyber threats, manage their risks and safeguard their operations. Cyber-ready SMBs will have a domino effect, creating stronger global supply chains and thus a stronger global economy.

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## Citations

1. 61% of SMBs were the target of a Cyberattack in 2021, 2022 Verizon Data Breach Investigations Report, <https://www.verizon.com/business/en-gb/resources/2022-data-breach-investigations-report-dbir.pdf>
2. Cyentia Institute and SecurityScorecard Research Report: Close Encounters of the Third (and Fourth) Party Kind, <https://securityscorecard.com/research/cyentia-close-encounters-of-the-third-and-fourth-party-kind>
3. 74% of all breaches include the human element, with people being involved either via Error, Privilege Misuse, Use of stolen credentials or Social Engineering, 2023 Verizon Data Breach Investigations Report, <https://www.verizon.com/business/resources/reports/dbir/>
4. Microsoft Digital Defense Report 2023, <https://www.microsoft.com/en-us/security/security-insider/microsoft-digital-defense-report-2023>