

SOC REPORTS:

PROVING SECURITY, BUILDING TRUST

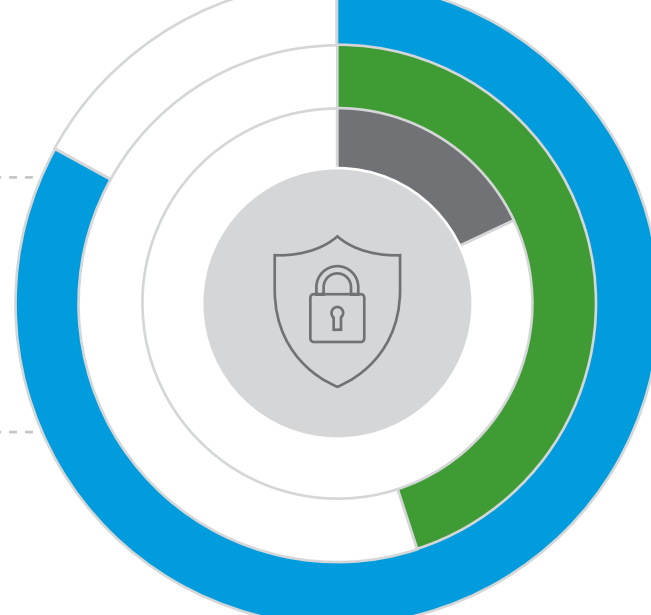
➤ The state of cybersecurity today is driving companies to prioritize the systems and controls that protect enterprise IT.

According to IBM's "Cost of a Data Breach" report:¹



In 2022, the average cost of a data breach in the U.S. topped **\$9.44 million**

- **83%** of organizations suffered more than one breach in 12 months
- **45%** of breaches were cloud-based
- **19%** of breaches occurred because of a compromise at a business partner



To better manage risks, businesses want vendors and service providers to verify the strength of their internal controls, driving a surge in demand for the independent audits known as **Service Organization Controls (SOC) reports**.

The Association of International Certified Professional Accountants survey found that:²

Between 2018 and 2020:

Demand for **SOC 2** audits grew

49%

SOC 1 exams—already strong—increased

8%

SOC 2 readiness assessments rose

44%

SOC 1 readiness assessments climbed

29%

Which SOC report fits?

There are three SOC reports most leveraged in the market today. Which type do you need?

IF YOU...

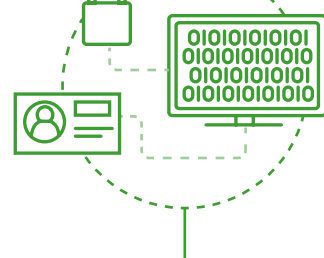
- Process transactions or manage an outsourced function that impacts your customers' financial statements



SOC 1 provides transparency into internal controls over financial reporting

IF YOU...

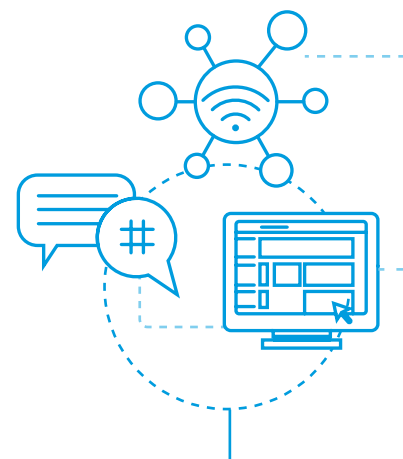
- Are responsible for systems that manage, hold or process client data
- Serve, or want to attract, large organizations
- Operate in a highly regulated environment



SOC 2 centralizes the testing of an organization's security environment for external parties

IF YOU...

- Want to share results publicly in marketing material or on your website



SOC 3 provides attestation of controls that can be shared publicly

Attesting to trust with SOC 2

SOC 2 reports leverage a framework of five trust services categories:



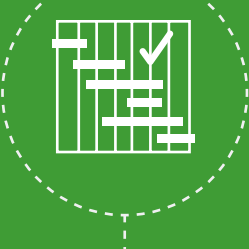
SECURITY

Controls relate to protecting data from unauthorized access/disclosure and other cybersecurity-related risks during the collection or creation, processing, transmission and storage of data.



AVAILABILITY

These controls ensure systems are reliable and available to clients, employees and customers when they need them.



PROCESSING INTEGRITY

These standards relate to system processing, specifically if your system works properly and provides timely, accurate data.



CONFIDENTIALITY

These controls and standards govern how confidential information is managed, including creation through its final disposition/removal and classification and protection by limiting access, storage and use.



PRIVACY

Control activities for how personal information is collected, used, retained, disclosed and disposed of based on the entity's objectives.

The ROI of SOC

SOC audits offer a broad view into the mechanics of an organization that can inform strategic planning and spur growth. Top benefits of SOC reporting include:



SATISFY CUSTOMER DEMAND

Validates the safety of customer data from unauthorized access and theft



COST EFFECTIVENESS

Can reduce security breaches, minimize effort related to annual security due diligence and lower cybersecurity insurance premiums



COMPETITIVE ADVANTAGE

Provides an edge in winning bigger customers by sharing verification upfront



VISIBILITY AND TRANSPARENCY

Yields valuable insights about:

- Organizational risk and security posture
- Vendor management processes
- Internal controls governance

Validating systems and controls

To gain a competitive advantage and build trust with current and future clients, SOC reports can begin your journey to validate your systems and controls. You will also want to work with an experienced firm that can direct the entire process and offer strategic insights along the way.

Learn more about SOC reports in RSM's whitepaper, "[Effective SOC reporting: Understanding your company's options](#)" or visit our [Service Organization Controls solutions web page](#).

1. IBM, "Cost of a data breach 2022"
2. Association of International Certified Professional Accountants, "SOC Survey," 2022

