# M&A Risk by Industry

This infographic shows the average risk profiles of acquisition targets in various industries when undergoing mergers and acquisitions (M&A). Results and analysis are based on primary research conducted by CybelAngel in 2022. Scores are calculated across four categories on a scale of 1 to 10, with 10 being the highest risk.

Category Descriptions
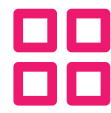
| Information Exposure	Infrastructure Gaps	Brand Reputation Risk	Credentials Exposure	Overall Risk Score
Confidential information weaponized for industrial espionage or leaked intellectual property (IP) and customer personally identifiable information (PII).	Vulnerabilities that can be leveraged to launch network attacks, such as ransomware attacks, as well as other threats, such as expired SSL certificates and other domain threats.	Fake domains that could be leveraged to launch counterfeiting schemes and phishing operations, as well as activity on the dark web.	Exposed employee and customer PII, as well as leaked corporate credentials.	Average score of the four categories to provide a summary indicator of overall risk of the industry.

Please note that the analysis is specifically for cybersecurity risks during M&A, and is not representative of the general cybersecurity risk profiles of these industries.

Overall M&A Risk by Industry
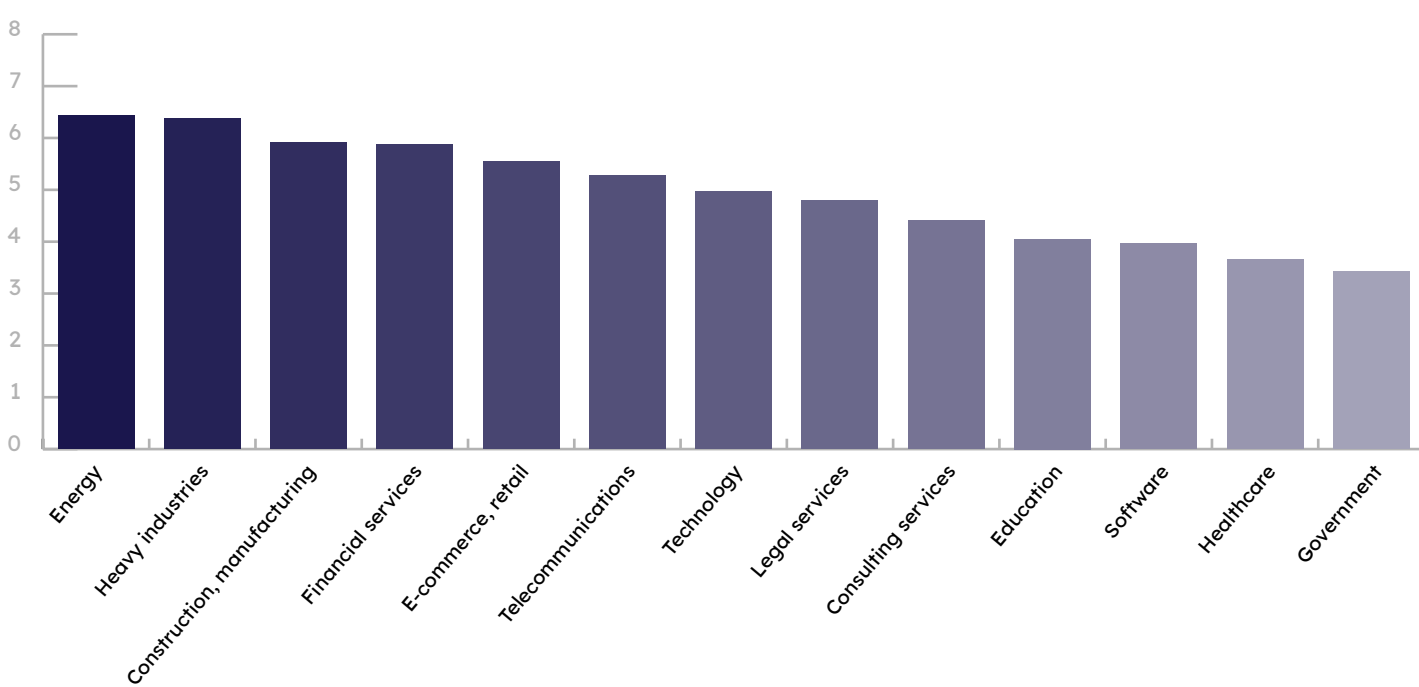
The most at-risk industries are:
• Energy
• Heavy industries
• Construction & manufacturing
• Financial services

This is not surprising, as M&A in these industries often have the highest stakes. Energy and financial services had the highest M&A deal values in 2021[1]. Financial services, in particular, had both one of the largest volume of deals and some of the largest deals of 2021[2].

Next, we take a closer look at the industries.

Healthcare | Energy | Telecommunications

Healthcare, Energy and Telecommunications are considered critical infrastructure sectors under CISA so it is useful to look at them together. The most critical risk factor for this group is Infrastructure Gaps, as any disruption to operations could result in millions of customers cut off from essential services.

Information Exposure · Infrastructure Gaps · Brand Rep. Risk · Credentials Exposure · Overall Risk Score
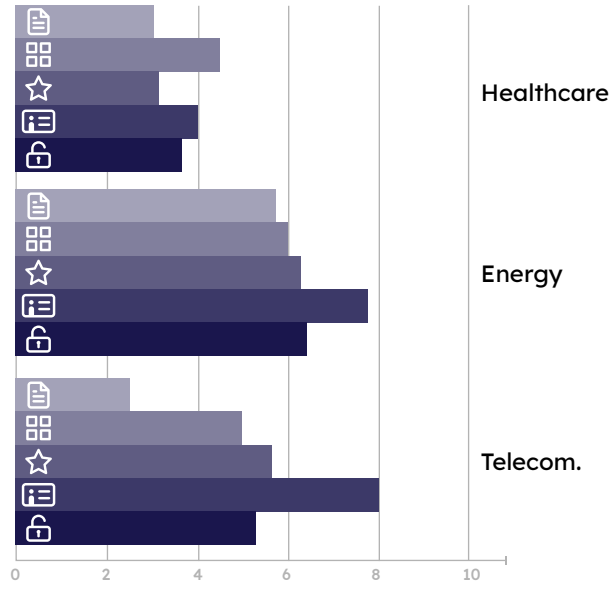

Financial | Legal | Consulting

Financial, legal and consulting services are in the professional services sector with very similar business models. Information Exposure is the most important risk factor because they are stewards of enormous amounts of sensitive and confidential business data belonging to clients.

Information Exposure · Infrastructure Gaps · Brand Rep. Risk · Credentials Exposure · Overall Risk Score
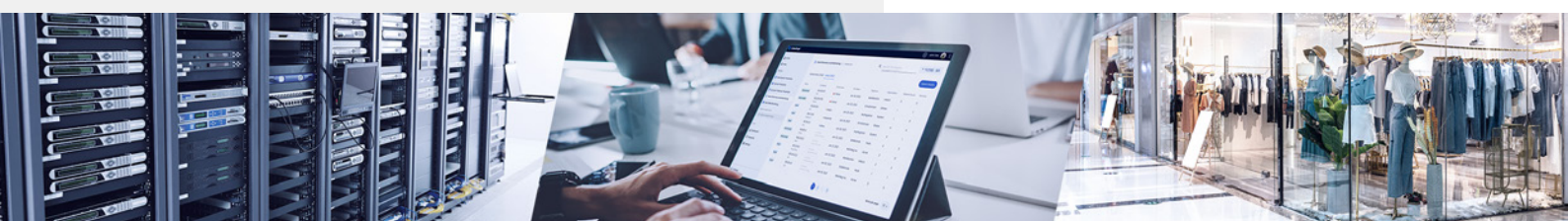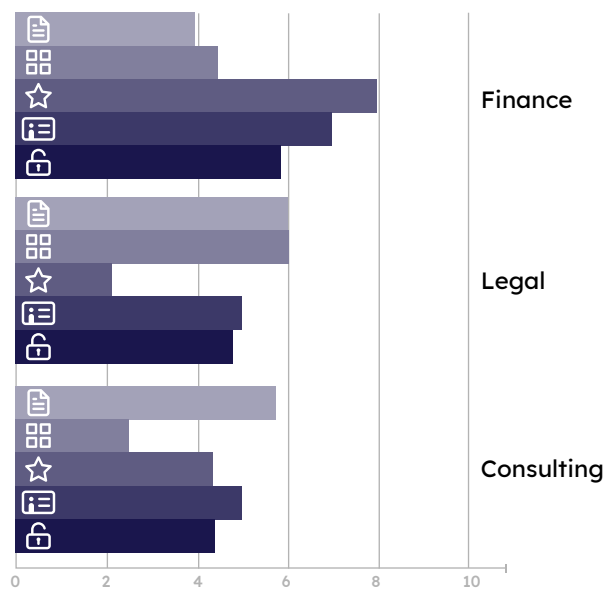

Technology | Software | Retail

Technology, software and retail are grouped together here because they are often direct-to-consumer businesses (although the data did include B2B companies). They hold PII of all their individual customers which makes information exposure one of the most important risk factors. The other risk factor is credentials exposure because a security breach might expose a large number of customers' username and passwords.

Information Exposure · Infrastructure Gaps · Brand Rep. Risk · Credentials Exposure · Overall Risk Score
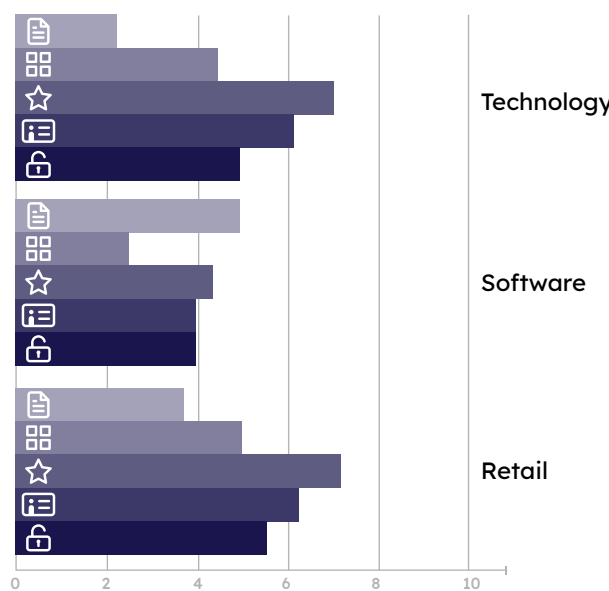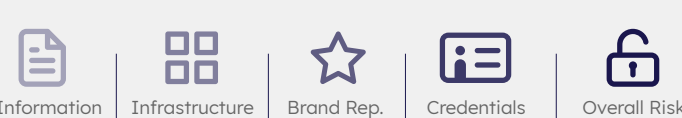
Construction | Manufacturing | Heavy Industries

Construction, manufacturing and heavy industries are characterized by their large supply chains and highly specialized production environments. Infrastructure gaps are a critical risk factor since any interruptions to production can quickly rack up millions of dollars in losses. The IoT- and OT-intensive manufacturing environment is also more difficult to secure than traditional business networks. Information exposure is also a concern, especially via third parties in their vendor and partner ecosystems.

Information Exposure · Infrastructure Gaps · Brand Rep. Risk · Credentials Exposure · Overall Risk Score
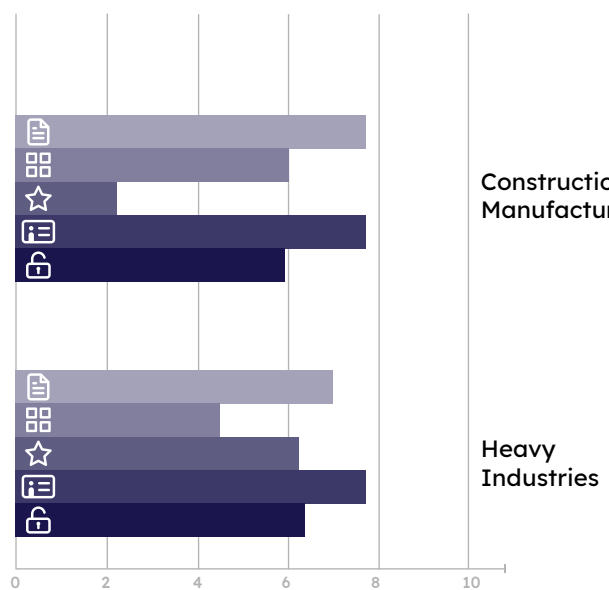
M&A Cybersecurity Due Diligence

We hope this has given you additional insight into the various cybersecurity risks inherent in M&A across different industries. Planning or undergoing an M&A? We can help you identify cybersecurity risks across the entire lifecycle of your M&A activities, pre-, during and post-acquisition.

LEARN MORE

References:
1) https://www.statista.com/statistics/520801/value-of-manda-transactions-by-sector/
2) https://www.spglobal.com/marketintelligence/en/news-insights/blog/global-ma-by-the-numbers-2021-recap