

Service Innovation at Kroll: Helping Organizations Respond to a Data Breach

Case in Brief

With consumer identity theft on the rise and increasing awareness that data breaches are a major source of the problem, Kroll recognized an opportunity to differentiate itself with a valued solution for data breach response. Kroll had been providing data breach response services for years, but it lacked a comprehensive strategy based on client needs. Using Strategyn's Outcome-Driven Innovation (ODI) methodology, the company was able to:

Gain a comprehensive understanding of what organizations are trying to get done when responding to a data breach

Prioritize opportunities for service innovation in the data breach response market

Create an integrated, end-to-end data breach service line that uniquely combines Kroll's expertise and capabilities in satisfying client needs

Effectively position itself for growth in an estimated \$200 million/year market

Client Challenge

In 2008, Kroll Fraud Solutions, a division of the risk consultancy firm Kroll, was already at the forefront in helping organizations respond to data breaches. But with market demand growing, aggressive new competitors were emerging. To maintain its leadership position, Kroll needed a strategy built around a comprehensive understanding of what an organization is trying to get done when it is responding to a data breach.

The growing complexity of governmental reporting and notification requirements at federal, state, and local levels reinforces the importance of taking a comprehensive view of customer needs. Heightened regulatory requirements are spurring organizations across industries to invest increasing amounts in data security, but Brian Lapidus, chief operating officer for Kroll Fraud Solutions, notes that this response fails to acknowledge "the bigger elephant in the room, the still-present risk and escalating costs associated with a data breach." Given its expertise in investigative fact finding, computer forensics, and identity theft monitoring, Kroll was well positioned to help clients manage the costs and risks of responding to a data breach from beginning to end.



How Strategyn Helped

To gain a comprehensive understanding of the needs of customers who are responding to a data breach, Kroll used Strategyn’s ODI methodology. Kroll had prior experience with Strategyn: ODI had guided Kroll’s product strategy in electronic discovery, leading to a market leadership position and a leap in revenue from \$11 million to over \$200 million in a 10-year period.

Drawing on the responses of 27 managers who were responsible for dealing with data breaches at their organizations, Kroll uncovered 109 outcomes related to the job of responding to a data breach, spanning 13 specific steps associated with planning the response, notifying affected parties, monitoring the impact of the breach, and responding to specific inquiries about it. Kroll also identified 41 additional jobs related to data breach response, including guarding against a data breach, mitigating the risk of a data breach through organizational controls, and detecting a data breach, along with 22 emotional jobs, including managers’ desire to feel confident in the response.

Next, using ODI-based quantitative research techniques, Kroll had 313 managers of different functional areas involved in a data breach response prioritize the jobs and outcomes. The opportunity landscape revealed that 25

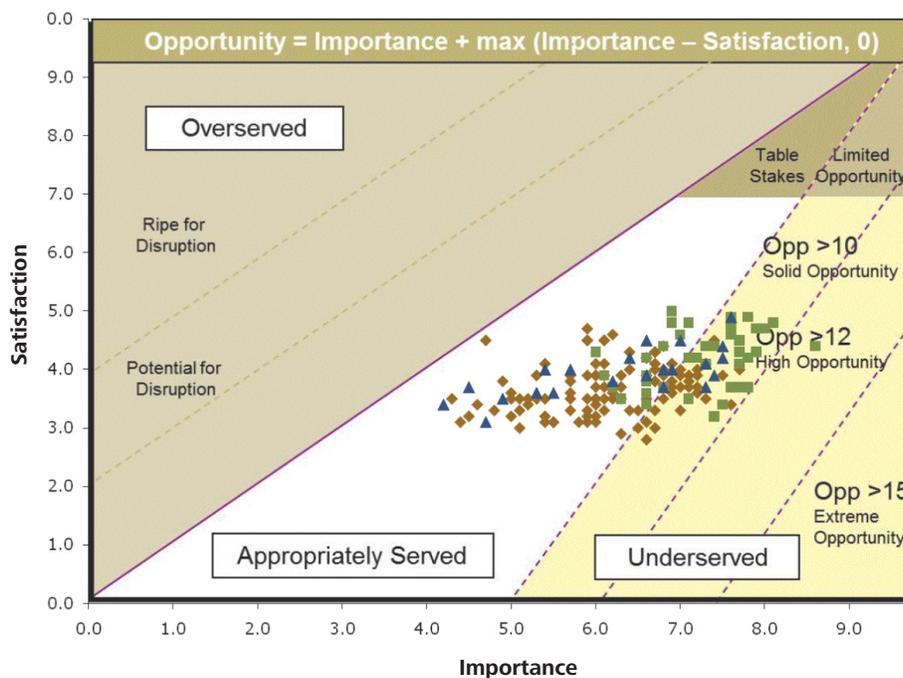
“Business leaders face questions that are potentially devastating in their implications: how did the incident happen, and what is required to ensure it doesn’t happen again? There are questions about the specific data compromised, how to minimize liability, and how to meet regulatory requirements. With corporate reputation also at risk, business leaders must respond quickly and diligently to the crisis.”

—Ben Allen, CEO, Kroll

of the managers’ 109 outcomes related to responding to a data breach were underserved by current response capabilities. In addition, 26 of the related jobs and 6 emotional jobs were underserved.

The 25 underserved outcomes spanned 11 of the 13 distinct steps in getting the job done. Clearly, there was an opportunity to craft a strategy built around the unmet needs of a client organization for the entire job of responding to a data breach. For example, at the planning

The Opportunity Landscape



The opportunity landscape for data breach response revealed a number of opportunities that could be satisfied with an integrated, end-to-end service line that uniquely builds on Kroll’s existing expertise.

To learn more about the opportunity landscape, see Anthony W. Ulwrick, *What Customers Want* (New York: McGraw-Hill, 2005).

stage, managers indicated that they wanted to “increase the likelihood that the actions in a data breach response plan are implementable” and “minimize the likelihood of forgetting to implement actions in a data breach response plan.” When notifying individuals about a data breach, managers indicated that the ideal solution would help them to “increase the likelihood that employees of the organization provide a consistent response to inquiries about a data breach.” In addition, managers indicated that they wanted to “minimize the likelihood of not following legal/regulatory requirements” when responding to inquiries about a data breach.

In addition to related job opportunities that pertained to investigative fact finding, the results also revealed an opportunity to help client organizations protect against a data breach in the future. Managers’ ratings also indicated that the ideal solution would help them feel confident in, and in control of, the data breach response.

The Results

On the basis of the ODI results, Kroll Fraud Solutions created a Data Breach Services group in April 2010 to provide on-call access to an integrated suite of services to satisfy clients’ data breach needs. Existing stand-alone services were identified, integrated, and optimized to address the entire range of underserved client needs.

Whereas in the past the client would have hired specialized solutions from Kroll or its competitors to get distinct steps in the overall job done, Kroll now offers the client a single point of contact to hire a comprehensive data breach response solution – something previously unknown in the market. As the ODI results revealed, the job of responding to a data breach is complicated, and doing it well had been undermined in the past because the client had been forced to rely on a host of uncoordinated solutions. This inevitably led to inconsistencies and inefficiencies in execution. By contrast, the coordinated, end-to-end response Kroll developed using ODI data provides clients with a streamlined, effective solution.

“Experience has taught us that linking our investigative skills, data forensic expertise, and notification services provides more insight and timely information so that clients can rapidly respond to incidents and resolve them.

— Andrea Johnson, vice president for Data Breach Services

Whether the case involves hardware theft, computer hacking, or network intrusion, Kroll’s information security experts deploy immediately to assess the incident. They ensure that the data loss is contained and preserve the evidence to be examined by investigators.

Next, Kroll’s computer forensic engineers and licensed investigators determine the scope of the loss or theft and make efforts to track down and recover lost or stolen devices. If necessary, Kroll can quickly mobilize a team to review any volume of data and documents from compromised data sources to accurately determine exactly what personally identifiable or other sensitive information was accessed. Those whose information was exposed must be informed, and this analysis makes that possible. The Data Breach Services group then designs and implements an appropriate remedy for affected individuals, including identity theft monitoring and restoration services. Kroll’s integrated service offerings are designed to mitigate the liability, reputational damage, and regulatory risk that companies face in data breach crises.

“We’ve been providing these services to clients for several years, but in a piecemeal way,” explained Andrea Johnson, vice president for Data Breach Services. “Experience has taught us that linking our investigative skills, data forensic expertise, and notification services provides more insight and timely information so that clients can rapidly respond to incidents and resolve them. By decreasing the time it takes to determine the scope of the data breach and notify the affected individuals, we ultimately reduce the cost and risk to the client.”

“We have been serving this market for years, but in a piecemeal way. Strategyn helped us identify all the key outcomes that were important to customers so that we could develop an integrated solution to succeed in this market.”

—Andrea Johnson, Vice President, Data Breach Services, Kroll

Learn More

Strategyn is a consulting and training firm specializing in the management of innovation. To learn how to make Strategyn’s Outcome-Driven Innovation methodology the cornerstone of your company’s corporate innovation efforts, visit strategyn.com.

Publications that explain the details behind Strategyn’s methodology include:

- Anthony Ulwick, *What is Outcome-Driven Innovation?*, (White paper, March 2009).
- Anthony W. Ulwick, *Turn Customer Input into Innovation*, *Harvard Business Review* 80, No. 1 (January 2002).
- Anthony W. Ulwick, *What Customers Want*, (New York: McGraw-Hill, 2005).
- Anthony W. Ulwick and Lance Bettencourt, *Giving Customers a Fair Hearing*, *MIT Sloan Management Review* 49, No. 3 (Spring 2008).
- Lance Bettencourt and Anthony W. Ulwick, *The Customer-Centered Innovation Map*, *Harvard Business Review* 86, No. 5 (May 2008).
- Lance Bettencourt, PhD, *Service Innovation: How to Go From Customer Needs to Breakthrough Services*, (New York: McGraw-Hill, 2010).

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