

Typical lost laptop costs companies nearly \$50,000, study finds

April 23 2009, By Steve Johnson



A typical lost or stolen laptop costs employers \$49,246, mostly due to the value of the missing intellectual property or other sensitive data, according to an Intel-commissioned study made public this week.

"It is the information age, and employees are carrying more information on their laptops than ever before," according to an analysis done for Intel by the Michigan-based Ponemon Institute, which studies organizational data-management practices. "With each lost [laptop](#) there is the risk that [sensitive data](#) about customers, employees and business operations will end up in the wrong hands."

The five-month study examined 138 laptop-loss cases suffered over a recent 12-month period by 29 organizations, mostly businesses but also a

few government agencies. It said laptops frequently are lost or stolen at airports, conferences and in taxis, rental cars and hotels.

About 80 percent of the typical cost -- or a little more than \$39,000 -- was attributed to what the report called a data breach, which can involve everything from hard-to-replace company information to data on individuals. Companies then often incur major expenses to prevent others from misusing the data.

Lost [intellectual property](#) added nearly \$5,000 more to the average cost. The rest of the estimated expense was associated with such things as investigative costs, lost productivity and physically replacing the laptop.

Larry Ponemon, the institute's chairman and founder, said he came up with the cost figure based on his discussions with the employers who lost the laptops. When he later shared his findings with the companies and government agencies, he said, some of their executives expressed surprise at the size of the average loss. But he noted that one of the employers thought the amount could have been even higher.

Indeed, a study several years ago by the FBI and the Computer Security Institute placed the average cost of a company's laptop at \$89,000. [FBI](#) officials could not be reached Wednesday to discuss the Ponemon study.

The individual losses associated with stolen or otherwise missing laptops in the Ponemon study varied from \$1,213 to \$975,527.

"The faster the company learns that a laptop is lost, the lower the average cost," the study said. "If a company discovers the loss in the same day, the average cost is \$8,950. If it takes more than one week, the average cost rises significantly to approximately \$115,849."

Santa Clara, Calif.-based Intel, the world's biggest maker of computer

chips, had several reasons to do the study, said George Thangadurai, an Intel strategic planning director and general manager of its anti-theft program.

For one thing, Intel has recently introduced technology that companies can use to make notebooks harder to steal. That technology, among other capabilities, can help make a laptop inoperative when it is lost or stolen.

Thangadurai said Intel also wants to make laptops more secure so that businesses and individual consumers will be more inclined to use the devices, which depend on Intel's chips for a variety of functions.

"The more people feel comfortable buying notebooks ... they win, we win and everybody wins," he said.

John Girard, an analyst who studies mobile data-protection products with the research organization Gartner, agreed that there is a flourishing market for making laptops more secure.

"It is a growing industry," he said. "There's a sizable number of systems used in business that have no data protection at all. There's quite a bit of opportunity to sell in this space."

Although the Ponemon study didn't endorse any particular brand of notebook protection gear, it noted that "encryption on average can reduce the cost of a lost laptop by more than \$20,000."

THE COST OF LOST OR STOLEN EMPLOYEE LAPTOPS:

Based on 138 recent cases, the average cost was \$49,246.

The biggest expense -- \$39,297 -- was due to breached data.

The second-biggest cost -- \$5,871 -- was for lost intellectual property.

If the loss is spotted within a day, the average cost is \$8,950. If it goes undetected for more than a week, that cost rises to \$115,849.

Encrypting a notebook can reduce the average cost by more than \$20,000.

Source: Intel-sponsored study by the Ponemon Institute

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