

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Are Cyber Security Tools Worth the Price?

The current ransomware attacks spanning the globe have taken down computer systems in schools, offices, hospitals and factories. According to *Reuters* [cybersecurity stocks](#) are up.

A global “ransomware” attack disrupting factories, hospitals, shops and schools spurred investors on Monday to buy up stocks expected to benefit from a pick-up in cybersecurity spending by firms and government agencies.

The cyber attack began spreading across the globe on Friday and by Monday had locked up computers in more than 150 countries, with experts warning of an even wider impact as more employees logged on and checked e-mails.

European Union police agency Europol said on Monday the attack had hit 200,000 machines.

“These attacks help focus the minds of chief technology officers across corporations to make sure security protocols are up to date, and you often see bookings growth at cybersecurity companies as a result,” said Neil Campling, head of technology research at Northern Trust.

In London, shares in cloud network security firm Sophos (SOPH.L) jumped more than 7 percent to a record high and security firm NCC Group (NCCG.L) rose 2.9 percent.

The current attack has to do with a flaw in mostly older Microsoft systems but this is just one of many attacks by hackers looking to take your money, your personal information or your personal photos from your computer files. When simply downloading and installing the available software fix from Microsoft two months ago would have avoided the trouble most folks are experiencing now, there are always new threats. Paying for cyber security tools and services is a bit like buying insurance. Are these tools worth the price when you want your assets and information to be safe?

Cost of Protecting Your Computers

A couple of years ago *Bloomberg* looked at a [bill for cybersecurity of \\$57,600](#).

How much should a small business spend to protect against cyber villains? I asked Eric Montague, president of Executech, an IT firm in South Jordan, Utah, for an estimate. While the answer will vary, depending on the type of business-not to mention the relative optimism of its owner-Montague’s response offers a useful baseline: Some \$57,600 a year for a 50-employee company.

If you want to protect your business or your trade station computer you could get by with a \$1,200 firewall that will probably last 5 years. If you trade online you are at risk of being hacked. How about getting cyber insurance for a few thousand or more? Or how about routinely changing your password and not downloading junk from social media to your business computer?

And How about Investing in Cybersecurity Stocks?

Maybe you cannot totally avoid a cyber-attack on your computer but can you, perhaps, make some money investing in stocks of cybersecurity companies? CNBC discusses the issue.

CNBC analyzed the last 15 major cyberattacks using analytics tool Kensho. A week following the hacks, shares of Barracuda Networks, F5 Networks, and Fortinet posted the biggest average gains.

A month after an attack, the major cybersecurity players did even better as demand for their services increased. Barracuda, FireEye, and Fortinet, along with Proofpoint, were big gainers, on average, a month out.

Over the longer term these stocks seem to fade when cyber threats are not in the news. FireEye traded for \$80 a share three years ago and sells for \$16 now. Similarly Barracuda Networks traded at \$45 a share two years ago and trades at \$22 today. F5 Networks looks better as it is trading near the top of its 20 year range at \$130 a share. Fortinet has been going up for a year and trades at \$40 a share but it was briefly up to \$47 two years ago.

It would appear that cyber security tools are worth the price if your risk is great and that cybersecurity company stocks are short term bargains when you have a crystal ball and buy immediately before the next cyber-attack.

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