



Final Report

Canadian Small Business Survey

Internet Privacy and Security Concerns

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Industry Canada

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Ce rapport est aussi disponible en français

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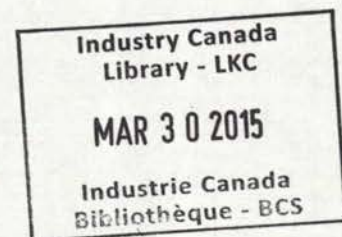
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Introduction

Decima Research is pleased to present this report to Industry Canada on the views of Canadian small business owners about Internet privacy and security.

The objective of this research was to investigate the extent to which online privacy and security issues are affecting productivity and the cost of operating a small businesses in Canada.

Businesses with fewer than 15 employees and with annual revenue in 2004 of less than \$5 million (Cdn) qualified as meeting the definition of small business for this study.

Data was collected by telephone between September 26 and 29th 2005 as part of the *bizVox*, Decima's quarterly omnibus survey of Canadian small business owners. In total 501 interviews were conducted providing a margin of error of +/-4.5%, 19 times out of 20. For most of the Industry Canada questions, the sample excluded businesses which do not currently use the Internet. As a result, for all questions but the screening question on Internet use, the Industry Canada sample totals 310 businesses, yielding a margin of error of +/-5.6%, 19 times out of 20.

The sample was purchased from Sampling Modeling Research Technologies. The sample was targeted based on company revenues (less than \$5,000,000 in 2004) and number of employees (19 employees or less). To facilitate a short field timeframe, the sample was purchased at a 30 to 1 ratio totaling 15,000 records.

The sample included the following quotas to ensure representation from all regions:

Area	Sample
National	501
Atlantic	50
Quebec	75
Ontario	175
Manitoba/Saskatchewan	50
Alberta	75
B.C.	76

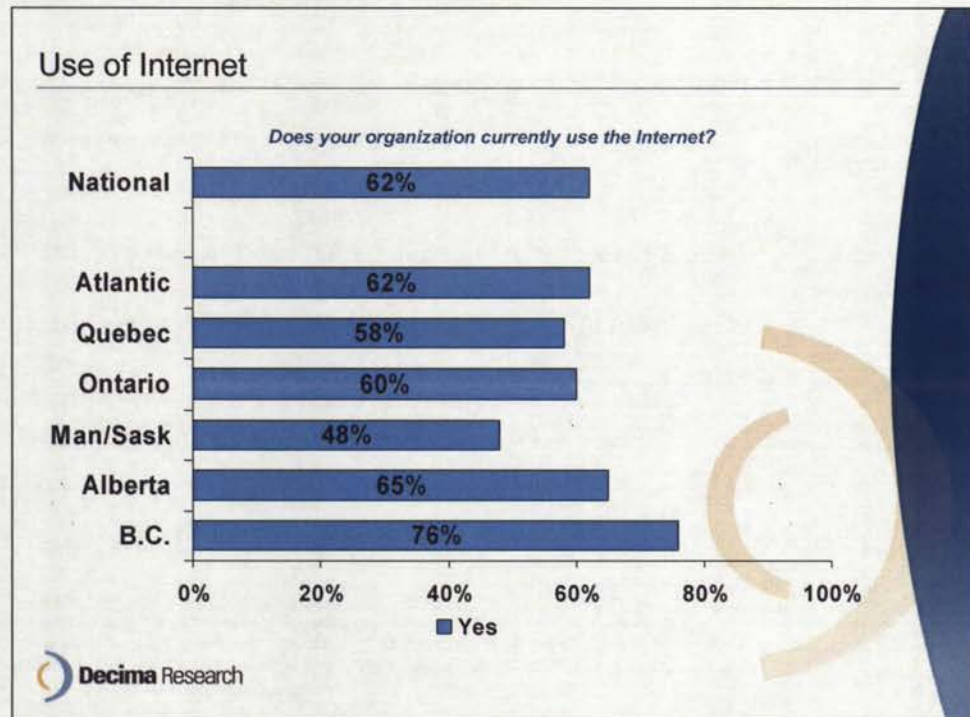
Results have been weighted to be nationally representative. A disposition report is appended to this document.

Use of Internet

Majority of Small Businesses Report Using Internet

Nationally, 62% of Canadian small business owners surveyed say their organization currently uses the Internet.

While the proportion is highest among respondents in B.C. (76%) and lowest among Manitoba and Saskatchewan respondents (48%), all other regions show proportions similar to the national average.



The 62% defines the 310 respondents who qualified for the rest of the Industry Canada survey.

Those more likely to be using the Internet currently include:

- Businesses with revenues over \$250,000 (74% vs. 54% among others);
- Larger businesses (69% of those with 5 or more employees vs. 54% among sole-proprietorships);
- Businesses with plans to expand in the next two years (71% vs. 57% among others);
- Service-producing (64% vs. 54% among businesses that are good-producing);
- Male business owners (68% vs. 53% female owners).

Impact of Internet Privacy and Security Challenges

Majority Feel Productivity Affected

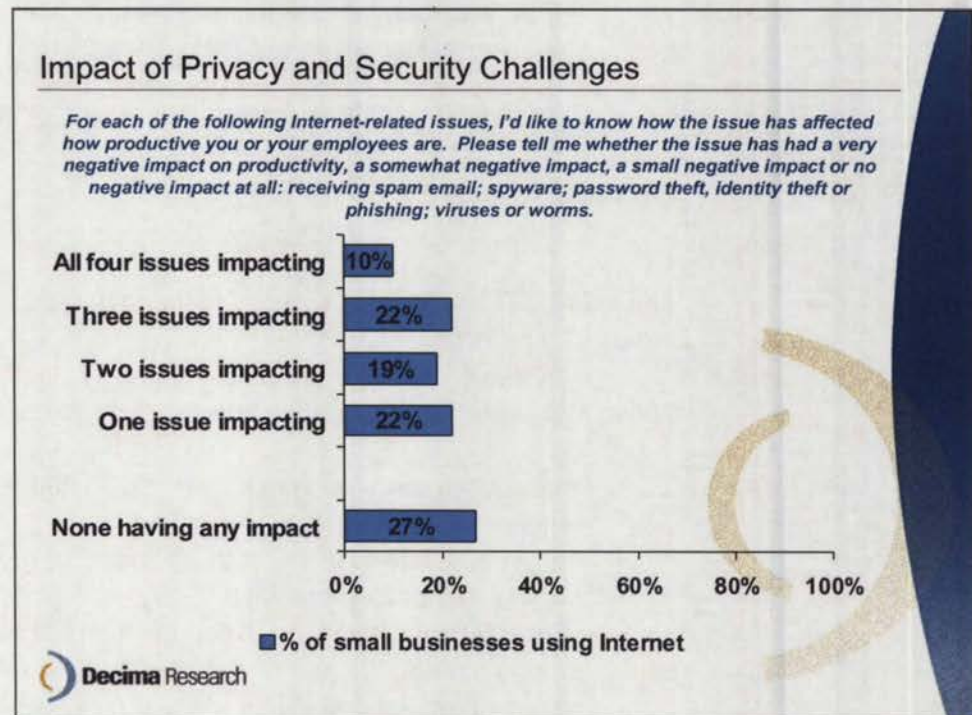
In order to determine how Internet privacy and security challenges have been affecting small businesses, respondents were asked how each of four issues have impacted on the productivity of themselves or their employees:

- Receiving spam email;
- Spyware;
- Password theft, identity theft or “phishing”;
- Viruses or worms.

For respondents who asked for more information on what “phishing” was, interviewers were instructed to read the following statement:

“Phishing is e-mail that makes false claims in an attempt to scam the user into surrendering private information that will be used for identity theft.”

From this battery of issues, the data show that roughly three quarters (73%) of small businesses who use the Internet say at least one of these issues has presented a negative impact on their own or their employees’ productivity. One in ten (10%) say they have been impacted by all four of these issues.

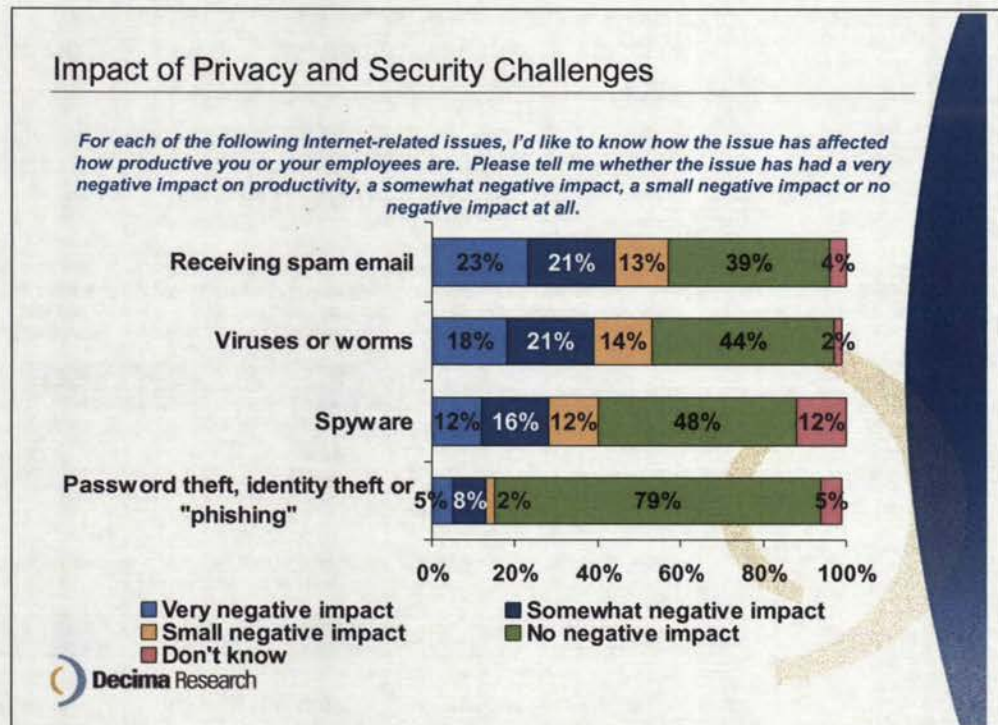


Businesses with more employees and with higher revenues are less likely to feel any of these issues has negatively impacted productivity.

In terms of which issues are having the greatest negative impact on productivity, respondents identify spam email and viruses or worms as being the most troubling. In each of these cases, just over half of respondents say the issue is having at least a small negative impact.

Roughly one out every four (23%) small businesses currently using the Internet say spam email is having a very negative impact on the productivity of themselves or their employees.

Spyware is identified by 40% as having at least a small negative impact, while theft of passwords or identity is not seen as having an impact by very many small businesses making use of the Internet with only 15% seeing it as having even a small impact.



Spam email is more likely to be described as having either a somewhat or a very negative impact among:

- Sole-proprietorships (51% vs. 35% among businesses with 5+ employees);
- Businesses with less than \$250,000 in revenues (51% vs. 39%).

The results for all other issues do not vary by business subgroup.

Cost of Addressing Privacy and Security Issues

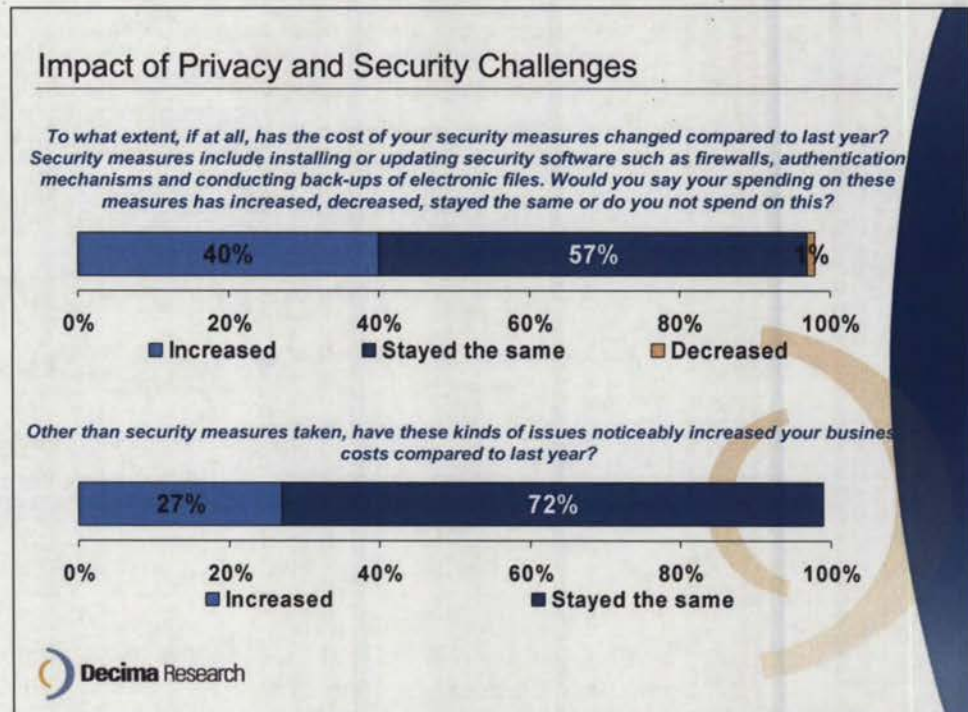
Many Report Rising Costs

Asked to what extent, if at all, the cost of security measures such as firewalls, authentication mechanisms and backing-up files has changed compared to the previous year, 40% report costs have risen, while virtually none (1%) report a decline in expenditures.

Respondents were then asked to consider whether these kinds of privacy and security issues have resulted in a noticeable increase in business costs other than the cost of security measures taken.

On this question, one quarter (27%) of small businesses using the Internet say they have noticed an increase in business costs beyond security measures.

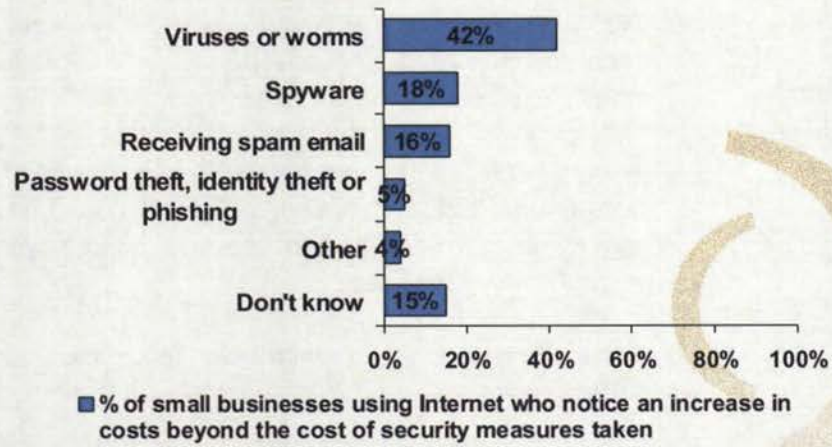
Typically, those noticing an increase in non-security-related costs estimate an increase of one to ten percent, with fully 77% providing an estimate in this range.



For those noticing an increase in costs beyond security measures taken, dealing with viruses and worms is most often cited as the most costly issue to deal with.

Impact of Privacy and Security Challenges

*(Among those noticing cost increases beyond the cost of security measures taken)
Which one of the following security and privacy related issues has led to the largest cost increase for your business within the last year?*



Conclusion

In summary, most Canadian small businesses making use of the Internet report being adversely impacted by privacy and security issues.

Receiving spam email and dealing with viruses and worms are widely regarded as having a negative impact on the productivity of those working in small businesses.

Many (40%) note having had to increase their expenditures over the past year to deal with the challenges these kinds of issues pose and one in four say these have resulted in cost increases beyond the cost of electronic security measures taken.

For those reporting such increases, the majority indicate they have risen by 10% or less.

Appendix 1: Disposition Report

The table below provides details on the disposition report for this survey:

A (1-14)	Total Attempted	11142
	1 Not in service (disp 4,44,47)	849
	2 Fax (disp 10,46)	203
	3 Invalid #/Wrong# (disp 9,12,13,43,77,88)	446
B (4-14)	Total Eligible	9644
	4 Busy (disp 2,42)	47
	5 Answering machine (disp 3,8,45)	1824
	6 No answer (disp 1,41,48)	1011
	7 Language barrier (disp 11)	92
	8 Ill/Incapable (disp 14)	228
	9 Eligible not available/Callback (disp 6,7)	2366
C (10-14)	Total Asked	4076
	10 Household/Company Refusal (disp 15,21)	1317
	11 Respondent Refusal (disp 22,23,26,27,89)	2068
	12 Qualified Termination (disp 24,28)	49
D (13-14)	Co-operative Contact	642
	13 Not Qualified (disp 3X,25)	141
	14 Completed Interview (disp 20)	501
	REFUSAL RATE	84.25
	(10+11+12) / C	
	RESPONSE RATE	6.66
	D (13-14) / B (4-14)	
	INCIDENCE	79.59
	$[(14+12) / (13+14+12)]*100$	
	$[(CI+QualTM)/(NQ+CI+QualTM)]*100$	

Appendix 2: Sample Distribution

The table below provides details on the margin of sampling error.

Region	Unweighted Sample	Margin of Error ¹
Atlantic	31	±17.9%
Québec	44	±14.9%
Ontario	104	±9.7%
Manitoba/Saskatchewan	24	±20.4%
Alberta	49	±14.1%
British Columbia	58	±13.0%
TOTAL CANADA	310	±5.6%

¹ Based on 95% confidence level

Appendix 3: Survey Questionnaire**Industry Canada – Canadian Small Business Owners' Views on Information Security – Final English Questionnaire****Screening Question**

1. Does your organization currently use the Internet?

Yes

No (Thank and Terminate)

2. For each of the following Internet-related issues, I'd like to know how the issue has affected how productive you or your employees are. Please tell me whether the issue has had a very negative impact on productivity, a somewhat negative impact, a small negative impact or no negative impact at all. The first one is...(RANDOMIZE)

- A) Receiving spam email
- B) Spyware
- C) Password theft, identity theft or "phishing"
- D) Viruses or worms

INTERVIEWER NOTE: Phishing is e-mail that makes false claims in an attempt to scam the user into surrendering private information that will be used for identity theft

Very negative impact
Somewhat negative impact
Small negative impact
No negative impact at all
Don't Know

3. To what extent, if at all, has the cost of your security measures changed compared to last year? Security measures include installing or updating security software such as firewalls, authentication mechanisms and conducting back ups of electronic files. Would you say your spending on these measures has ...(READ)

- Increased
- Stayed the same
- Decreased
- VOLUNTEERED
- Do not spend on this
- Don't know

4a. Other than security measures taken, have Internet privacy and security related issues such as spam, spyware, identity theft, phishing*, etc... noticeably increased your business' costs compared to the same time last year?

- Yes
- No
- Don't know/Refused

4b. To what extent (directly or indirectly) have your business costs increased specifically due to Internet privacy and security related issues compared to the same time last year?

- Approximately 1-10%
- Approximately 11-25%
- Approximately 26-50%
- Greater than 50%
- Don't know/Refused

4c. Which of the following security and privacy related issue has lead to the largest cost increase for your business within the last year?

- A) Spam
- B) Phishing/Password theft
- C) Victim of spyware
- D) Viruses, Worms, etc
- E) Other (specify: _____)

Industry Canada – Canadian Small Business Owners' Views on Information Security – Final French Questionnaire**Question de recrutement**

1. Votre entreprise utilise-t-elle présentement Internet?

Oui

Non (REMERCIEZ ET TERMINEZ)

2. J'aimerais savoir dans quelle mesure chacun de ces problèmes relatifs à Internet a eu un effet sur votre rendement et celui de vos employés. Veuillez me dire s'il a eu un effet très négatif sur le rendement, un effet passablement négatif, un effet légèrement négatif ou s'il n'a eu aucun effet négatif. Commençons par... (ALTERNEZ)

A) La réception de pourriels

B) Les logiciels espions

C) Le vol de mots de passe, le vol d'identité ou l'hameçonnage

D) Les virus et les vers

NOTE À L'INTERVIEWEUR : L'hameçonnage est l'envoi de courriels dans le but d'escroquer les gens en leur demandant des renseignements personnels qui seront utilisés pour leur voler leur identité.

Effet très négatif

Effet passablement négatif

Effet légèrement négatif

Aucun effet négatif

Ne sait pas

3. Dans quelle mesure le coût des mesures de sécurité a-t-il changé par rapport à l'an dernier dans votre entreprise? Les mesures de sécurité incluent l'installation ou la mise à jour de logiciels tels que les pare-feu, les mécanismes d'authentification et les sauvegardes de fichiers électroniques. Diriez-vous que ces coûts... (LISEZ)

Ont augmenté

Sont demeurés les mêmes

Ont diminué

NE LISEZ PAS

Ne dépense rien à ce chapitre

Ne sait pas

4a. Mis à part les coûts de sécurité, est-ce que ces problèmes ont occasionné une augmentation des coûts pour votre entreprise par rapport à l'an dernier?

- Qui
- Non
- Ne sait pas/Refuse

4b. Par rapport à l'année précédente, quel est le pourcentage approximatif de l'augmentation des coûts engendrés par ces problèmes de sécurité pour votre entreprise?

- De 1 à 10 %
- De 11 à 25 %
- De 26 à 50 %
- Plus de 50 %
- Ne sait pas

4c. Lequel de ces problèmes de sécurité ou de protection de la vie privée a représenté la plus grande augmentation de coûts pour votre entreprise au cours de la dernière année?

- A) La réception de pourriels
- B) Le vol de mots de passe, le vol d'identité ou l'hameçonnage
- C) Les logiciels espions
- D) Les virus et les vers
- E) Autre (précisez)

