

# How Construction Businesses Can Minimize Litigation Risk From Cyber Attacks

*James Gallagher recommends that construction companies make cyber-security a priority and recommends several steps that they can take to enhance their security*

PHILADELPHIA, PA, UNITED STATES, April 24, 2024 /EINPresswire.com/ -- According to a leading cyber-security firm, the construction industry has become the number one target for cyber-security breaches and ransomware attacks (<https://nordlocker.com/ransomware-attack-statistics/>). The construction industry, long known for its slow pace in embracing technological advances, has lately been discovered for opportunity - unfortunately by the wrong people and for the wrong reasons. Lax data management and security practices, in construction, provide an environment ripe for cyber attackers to burrow into data, processes, privacy, funds and other sensitive areas.

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When a construction firm is cyber-attacked, all parties on the project may be open to litigation risk from privacy breaches, theft of money and intellectual property, breach of bid data and more.”

*James Gallagher, P.E., F.ASCE,  
Principal, Resolution  
Management*

According to James Gallagher, Principal at Resolution Management Consultants, "As bad as it is for a regular

business to be the target of a cyber attack, in construction, the effects are multiplied by the number of entities working together on a single project, accessing databases together and enabling large sums of money to be exchanged. Not only can a cyber-attack affect the target company, it can quickly penetrate the entire project causing data breaches, thefts, shutdowns, equipment malfunctions, communication interruptions and more, with the potential to initiate disputes and litigation.”

Although there are numerous types of cyber-attacks, Gallagher points out three of the main ways construction firms are being attacked include:

- 1) Phishing or social engineering schemes where cyber-attackers impersonate senior management or key vendors by compromising email or other messaging formats leading to convincing other team members to wire funds or provide access to sensitive information.
- 2) Ransomware which can encrypt and lock down entire systems with no access available, until a

monetary ransom is paid.

3) Fraudulent funds transfer where cyber-thieves engineer funds transfer into their own accounts.

Said Gallagher, "When a construction firm is cyber-attacked, all parties on a project may be open to litigation risk from the effects of privacy breaches, theft of money, theft of confidential information/plans, damage from shutdowns or delays, breach of intellectual property, breach of bid data and more.

To counteract these risks, Gallagher recommends that construction companies make cyber-security a priority. They should engage experts who can assess their cyber-attack risk and help them take steps to secure any

vulnerable areas. In the meantime, Gallagher advises that there are several steps that companies can take to enhance cyber security, including:

- 1) Making sure that all software, browsers, operating systems, etc. are continually updated to the latest versions, which often have the latest security measures built in.
- 2) Enabling two-factor authorization, especially to areas with financial information and funds.
- 3) Considering moving data to the cloud to enable access should on-site hardware become compromised or stolen.
- 4) Securing cyber insurance, as well as requiring subs and vendors to have cyber insurance.
- 5) Training all employees about phishing techniques and what to do when encountering phishing.
- 6) Developing a procedure to insure the legitimacy of funds access and transfer.
- 7) Frequently backing up the system.
- 8) Asking "what if" and developing a plan among all participants to be prepared to handle any cyberattack.

Said Gallagher, "Because of heightened cyber-criminal interest in the construction industry, it's not "if" but "when" will a cyber-attack be encountered. Cyber protection is key, but ultimately the plan should be to effectively mitigate potential legal risk potential for one's company, team and project by being proactive."



James Gallagher - P.E., F.ASCE, Principal, Resolution Management Consultants, Inc.

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About Resolution Management Consultants, Inc.

Resolution Management Consultants, Inc. (RMC) is a nationally recognized consulting firm headquartered in Marlton, NJ. There are two sides to the business: the construction planning and management aspect – helping clients build more successful projects – and the litigation aspect – dispute analysis and mediation and, should matters go to court, providing analysis and testimony as expert witnesses. Founded in 1993 by veterans in the construction, contracting and engineering professions, RMC has assisted numerous private owners, public agencies and contractors in either achieving project goals or resolving cost and time disputes between the contracting parties.

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