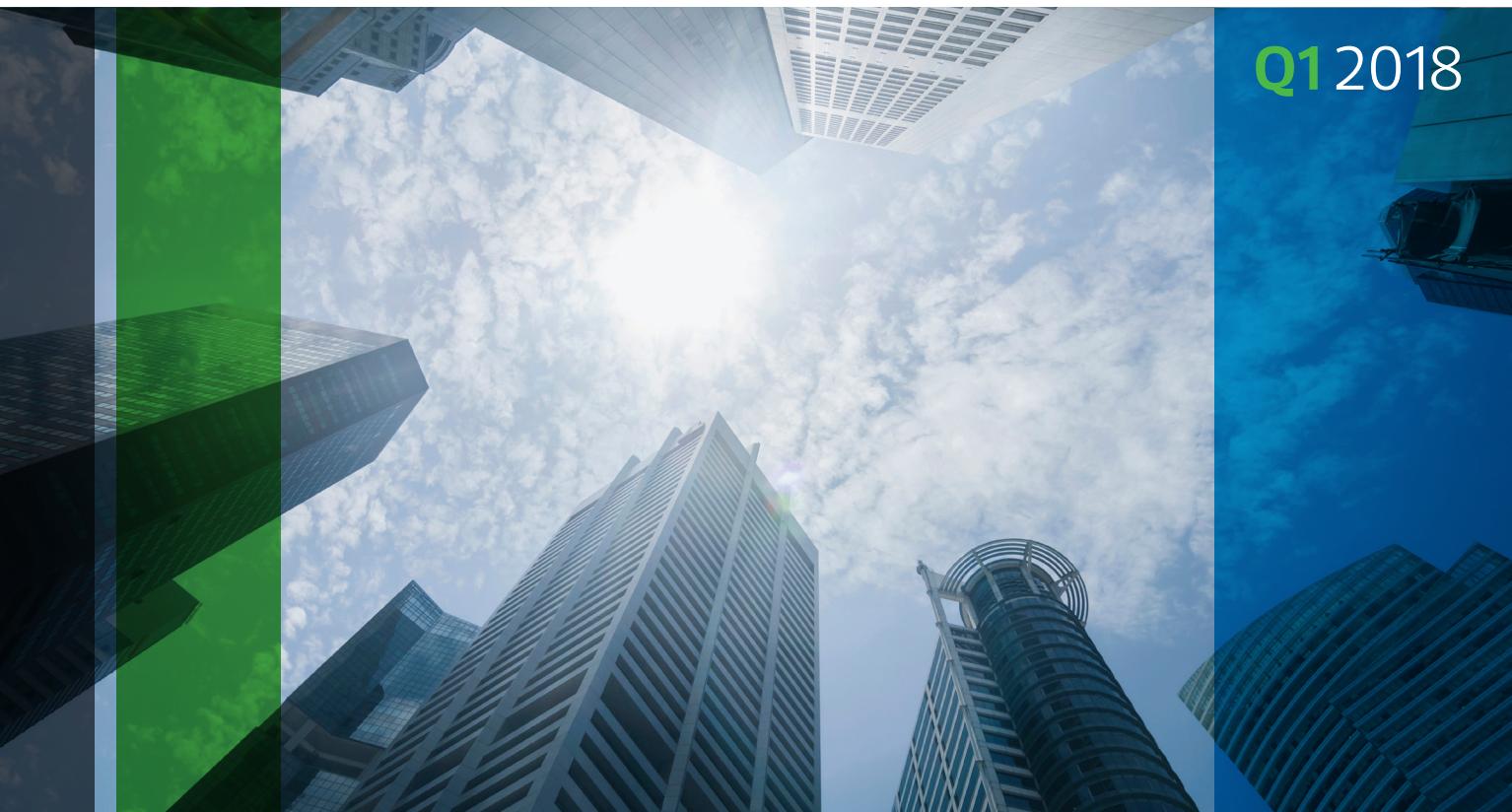


RSM US MIDDLE MARKET

# BUSINESS INDEX

IN PARTNERSHIP WITH THE  
U.S. CHAMBER OF COMMERCE



Q1 2018



U.S. CHAMBER OF COMMERCE



RSM

# RSM US MIDDLE MARKET BUSINESS INDEX

IN PARTNERSHIP WITH THE  
U.S. CHAMBER OF COMMERCE

RSM US LLP (RSM) and the U.S. Chamber of Commerce have joined forces to present the RSM US Middle Market Business Index (MMBI)—a first-of-its-kind middle market economic index developed by RSM in collaboration with Moody's Analytics. We publish the MMBI quarterly to give voice to the middle market and raise awareness of this crucial, yet underrepresented, segment of the economy.



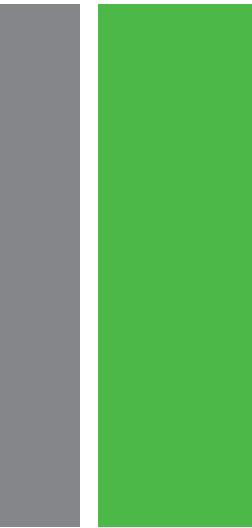
U.S. CHAMBER OF COMMERCE





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# RSM US MIDDLE MARKET BUSINESS INDEX POSTS ANOTHER ALL-TIME HIGH

TAX CUTS, STRONG ECONOMIC  
FUNDAMENTALS BOOST OPTIMISM

## RSM US LLP CHIEF ECONOMIST



**Joe Brusuelas** is the chief economist for RSM US LLP. Brusuelas has 20 years of experience analyzing U.S. monetary policy, labor markets, fiscal policy, economic indicators and the condition of the U.S. consumer. As co-founder of the award-winning *Bloomberg Economics Brief*, Brusuelas was named one of the 26 economists to follow by the *Huffington Post*.

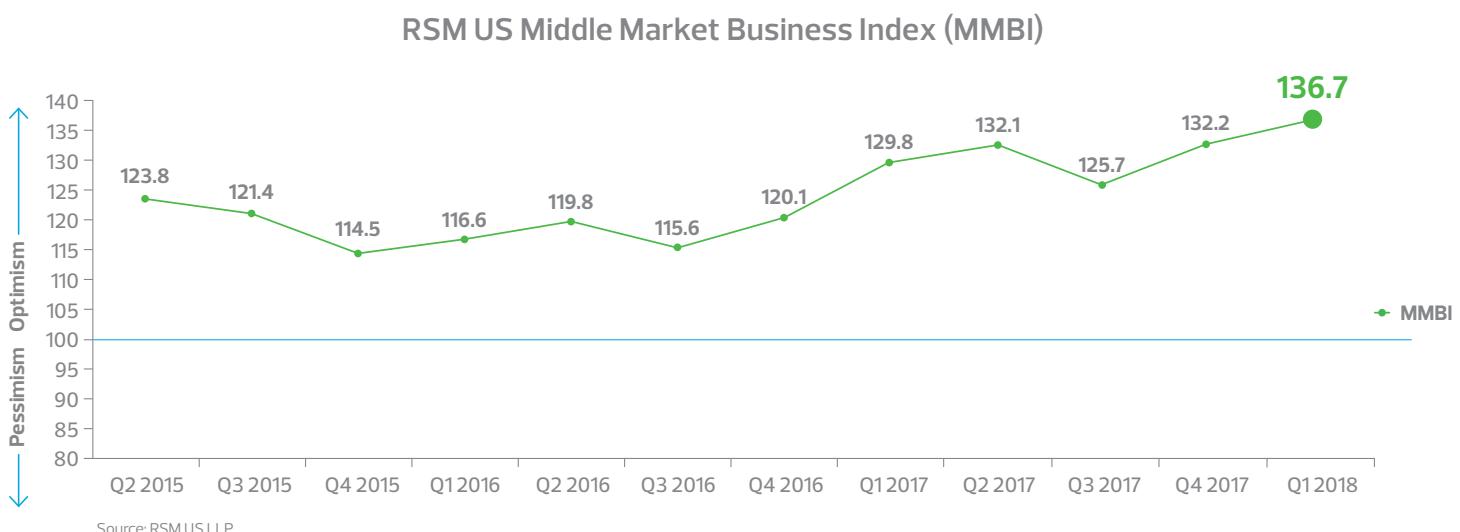
This publication represents the views of the author(s), and does not necessarily represent the views of RSM. This publication does not constitute professional advice.



Strong economic fundamentals, the arrival of large tax cuts, robust expectations on hiring and compensation and more evidence of emerging price pressures are the key themes that emerge from the latest RSM US Middle Market Business Index (MMBI). In the first quarter of 2018, the MMBI registered an all-time high of 136.7.

“Middle market companies are showing record optimism about the growing economy. It’s imperative that we avoid policy changes—such as greater limits on immigration or restrictionist trade policies—that would impede economic growth and diminish the ongoing benefits from the recent passage of tax reform.”

— Neil Bradley, Senior Vice President and Chief Policy Officer, U.S. Chamber of Commerce





RSM US LLP and The Harris Poll have collected data on middle market firms from quarterly surveys that began in the first quarter of 2015. The survey is conducted four times a year, in the first month of each quarter: January, April, July and October. The survey panel, the Middle Market Leadership Council, consists of 700 middle market executives, and is designed to accurately reflect conditions in the middle market. The data are weighted to ensure that they correspond to the U.S. Census Bureau data on the basis of industry representation.

A reading above 100 for the MMBI indicates that the middle market is generally expanding; below 100 indicates that it is generally contracting. The distance from 100 is indicative of the strength of the expansion or contraction.

# MIDDLE MARKET FIRES ON ALL CYLINDERS IN STRONG ECONOMY

TIGHT LABOR MARKET AND STRONGER WAGE GROWTH POSE RISKS

by **Joe Brusuelas**, Chief Economist, RSM US LLP

The proprietary RSM US Middle Market Business Index (MMBI) posted an all-time high of 136.7 in the first quarter of 2018, lifted by strong economic fundamentals, the arrival of substantial tax cuts and robust expectations for hiring and compensation. Even so, market enthusiasm was tempered by evidence of emerging pricing pressures, such as impending U.S. tariffs on foreign steel.

Questions about the health of the U.S. economy—both now and in the future—reflect broad optimism about overall economic activity. Nearly 70 percent of middle market executives indicate the economy has improved somewhat or substantially over the past three months. Seventy-three percent expect it to improve somewhat or substantially during the next half year.

RSM's findings correspond with trends in fundamental hard and soft data, and are underscored by anecdotal evidence from our client base: The U.S. economy is growing well above its long-term trend of 1.5 percent amid a tightening labor market that is fueling wage growth. Difficulty finding skilled, semi-skilled and public-facing labor represents a potential hurdle to near-term middle market economic growth, as does the potential for ongoing trade spats that risk escalating into a full-blown trade war.

Forty-four percent of middle market leaders report hiring more workers over the past three months, while 58 percent indicate they expect to accelerate hiring over the next two quarters. More encouraging were their responses to questions about compensation. Some 49 percent of executives—a new cyclical high—report an increase in compensation, while 62 percent indicate they plan to increase compensation during the next six months.



Over the past two years, RSM has asserted that wage pressures are building in the real economy in ways that do not align with official data published by the Bureau of Labor Statistics. Current and forward-looking data on compensation support that outlook. As a result, we would not be surprised if government data catches up with RSM's data during the remainder of 2018 and into 2019. Over the past six quarters, our data show a majority of middle market businesses have increased compensation to recruit new employees and retain their existing labor force.

The number one challenge facing middle market businesses in the real economy is the availability of labor. While some may view a tighter labor market as a "good problem," policymakers addressing employment issues at this late point in the business cycle must understand that if labor shortages persist, bottlenecks in production will begin to form, resulting in a slowdown in growth.

While the public embraces higher wages, businesses often fret over compressed profit margins amid tight labor markets. For now, at least, employment trends have not yet hurt the bottom line. An all-time high of 75 percent of middle market executives indicate they anticipate improved revenues, while 57 percent said revenues improved during the past 90 days. Fifty-three percent of executives surveyed saw an increase in net earnings in the current quarter, while a historical high of 72 percent expect net earnings to improve during the next six months. These results likely reflect a combination of strong above-trend growth and the impact of lower tax rates for corporations and subchapter S firms that populate the U.S. middle market.

# MIDDLE MARKET LEADERSHIP COUNCIL SURVEY: CURRENT PERCEPTIONS AND FUTURE EXPECTATIONS

## METHODOLOGY

### WHO

- A total of 700 senior executives were recruited by The Harris Poll via phone using a Dun & Bradstreet (D&B) sample
- These 700 panel members were invited by The Harris Poll to participate in four surveys in a one-year period
- 400 executives completed the survey, which was conducted between Jan. 12 – Feb. 5, 2018
- All middle market executives were qualified as:
  - U.S. full-time senior executive decision-makers
- Selected industries:
  - Agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction; utilities; construction; manufacturing; wholesale trade; retail trade; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; administrative and support; waste management and remediation services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; and other services (except public administration)

- Nonfinancial or financial services companies revenue \$10 million-\$1 billion
- Financial institutions represented by AUM \$250 million-\$10 billion
- Involved or responsible for business strategy or financial management strategy

### WHEN

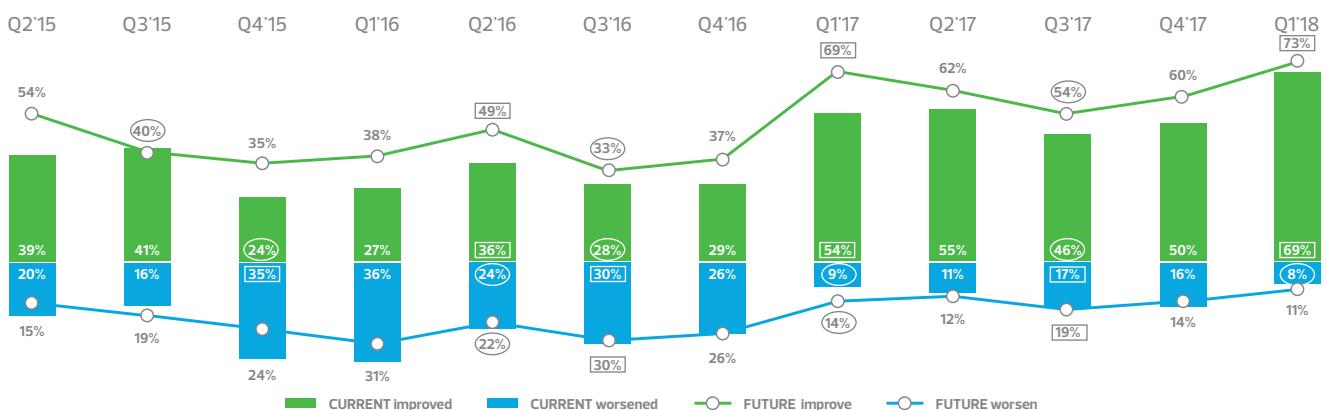
- Interviews conducted on a quarterly basis over a 12-month period

### HOW

- Potential middle market executives were emailed a link to an online survey
- Follow-up calls were made to middle market executives who did not respond to the online survey; they were given the option to complete the survey via telephone

## GENERAL ECONOMY PERFORMANCE

Record highs were seen in both the percent of middle market executives who reported the general economy improved in the current quarter (69 percent) and the percent who expect it to improve in the next six months (73 percent).



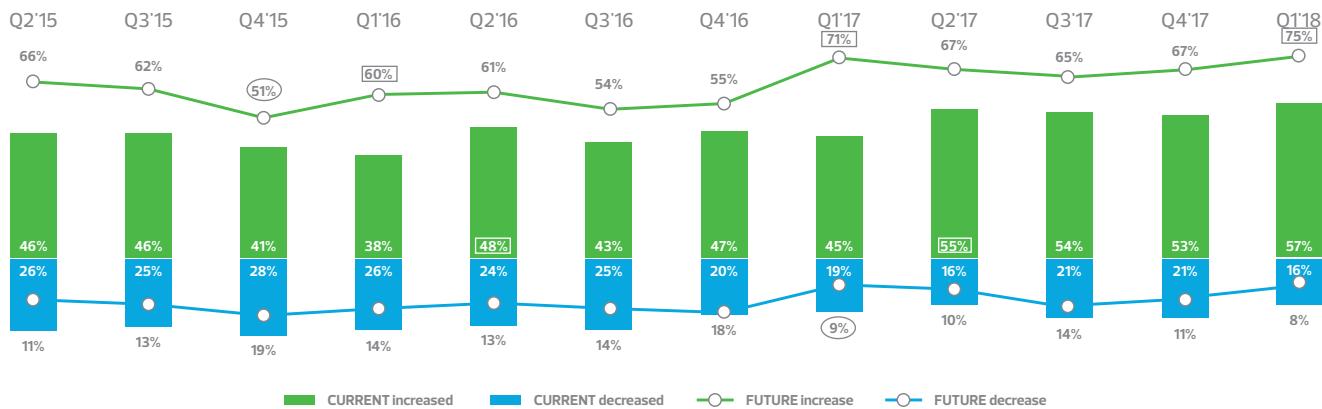
% REMAIN UNCHANGED																								
FUTURE	CURRENT		Q3'15		Q4'15		Q1'16		Q2'16		Q3'16		Q4'16		Q1'17		Q2'17		Q3'17		Q4'17		Q1'18	
	(n=210)	41%	(n=252)	43%	(n=208)	41%	(n=424)	37%	(n=404)	41%	(n=400)	42%	(n=400)	45%	(n=409)	37%	(n=400)	34%	(n=406)	37%	(n=399)	34%	(n=412)	23%
31%	(n=210)	41%	41%	(n=252)	41%	41%	(n=208)	31%	(n=424)	31%	(n=404)	29%	(n=400)	37%	(n=402)	36%	(n=409)	17%	(n=400)	26%	(n=399)	27%	(n=406)	16%

- First, thinking about the general economy this quarter versus last quarter, how would you describe the current general economy? Would you say the general economy has ...
- What are your expectations regarding the general economy over the next six months? Do you expect the general economy will ...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## GROSS REVENUE PERFORMANCE

The percent of businesses expecting gross revenues to increase over the next six months reached a new high (75 percent).



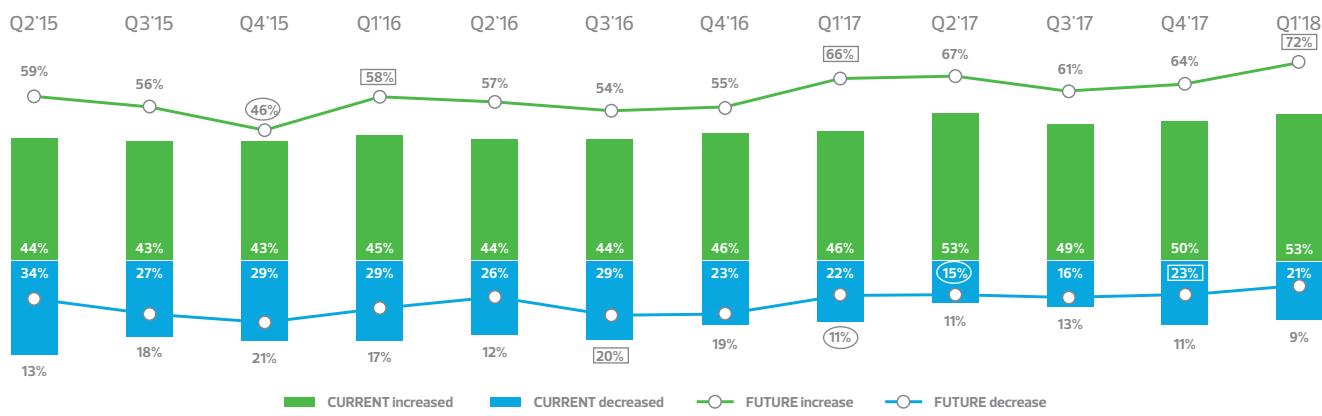
% REMAIN UNCHANGED													
CURRENT		Q2'15		Q3'15		Q4'15		Q1'16		Q2'16		Q3'16	
(n=210)	28%	(n=250)	29%	(n=208)	31%	(n=424)	35%	(n=403)	28%	(n=400)	26%	(n=398)	32%
(n=210)	23%	(n=250)	25%	(n=208)	30%	(n=426)	25%	(n=404)	26%	(n=400)	31%	(n=403)	27%

- Thinking about your organization's gross revenues/all incoming funds this quarter versus last quarter, how would you describe current gross revenues/all incoming funds? Would you say gross revenues/all incoming funds have ...
- What are your expectations regarding your organization's gross revenues/all incoming funds over the next six months? Do you expect gross revenues/all incoming funds to ...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## NET EARNINGS PERFORMANCE

The percent of businesses expecting net earnings to increase over the next six months reached a new high (72 percent).



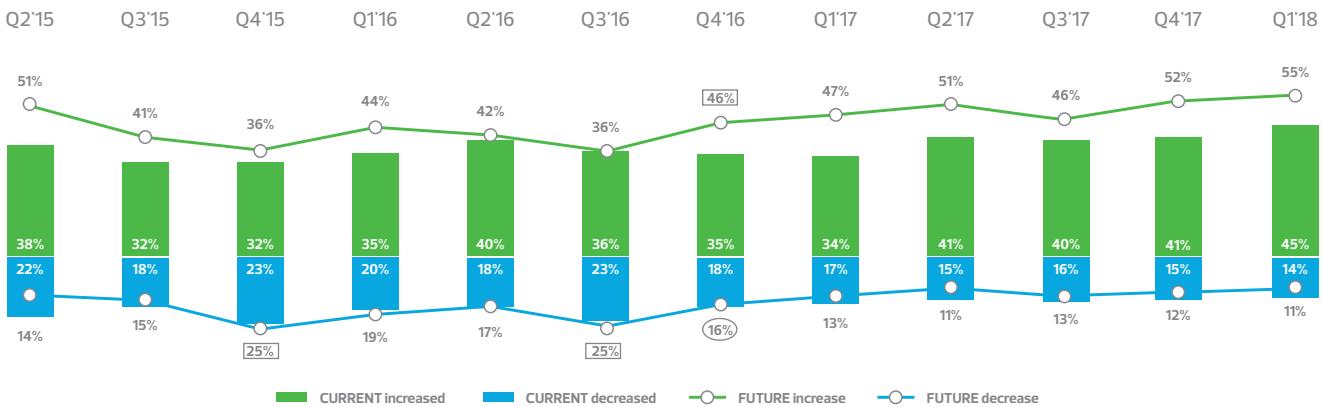
% REMAIN UNCHANGED													
CURRENT		Q2'15		Q3'15		Q4'15		Q1'16		Q2'16		Q3'16	
(n=191)	22%	(n=230)	30%	(n=189)	28%	(n=394)	26%	(n=370)	30%	(n=368)	28%	(n=375)	31%
(n=191)	28%	(n=230)	26%	(n=191)	33%	(n=396)	25%	(n=369)	31%	(n=369)	27%	(n=375)	27%

- Thinking about your organization's net earnings (after expenses, etc.) for the most recent quarter results versus the prior quarter results, how would you describe the level of your most recent quarter net earnings results? Would you say net earnings results have ... (among those not nonprofits)
- What are your expectations regarding your organization's net earnings results (after expenses, etc.) over the next six months? Do you expect net earnings results to ... (among those not nonprofits)

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## AGGREGATE CAPITAL EXPENDITURES/INVESTMENTS PERFORMANCE

Forty-five percent of executives reported increasing capital expenditures in the current quarter, while 55 percent indicated they plan to increase cap ex in the next six months.



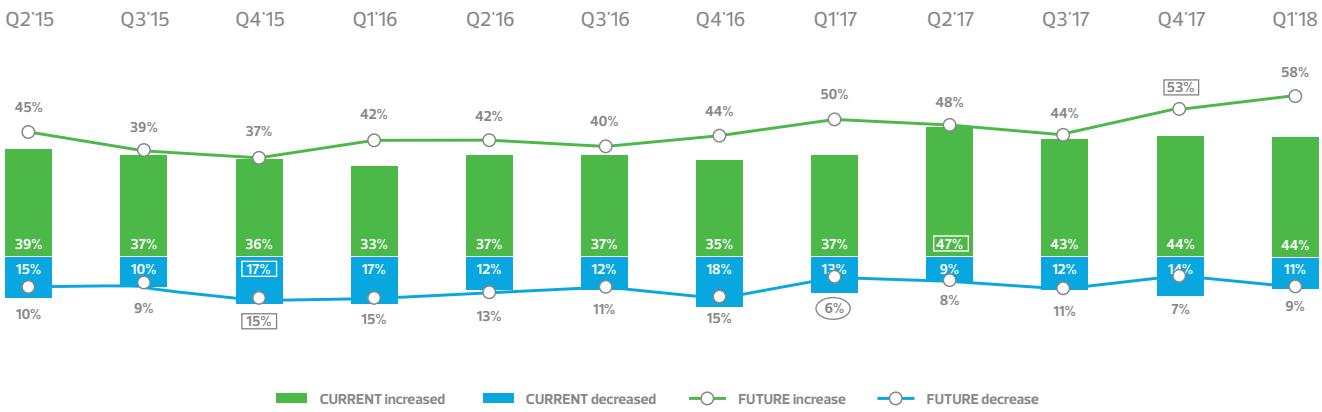
% REMAIN UNCHANGED												
CURRENT	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	(n=209)	(n=250)	(n=207)	(n=424)	(n=403)	(n=399)	(n=404)	(n=407)	(n=398)	(n=405)	(n=397)	(n=412)
FUTURE	40%	50%	45%	45%	42%	41%	47%	49%	44%	44%	44%	42%
	(n=210)	(n=252)	(n=207)	(n=425)	(n=404)	(n=400)	(n=405)	(n=407)	(n=399)	(n=405)	(n=398)	(n=412)

- Thinking about your organization's aggregate capital expenditures or investments this quarter versus last quarter, how would you describe your organization's current capital expenditures/investments? Would you say capital expenditures/investments have ...
- What are your expectations regarding your organization's aggregate capital expenditures or investments over the next six months? Would you say capital expenditures/investments will ...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## OVERALL HIRING LEVELS

Middle market businesses continue to anticipate hiring momentum, with 58 percent expecting to add more workers over the next six months.



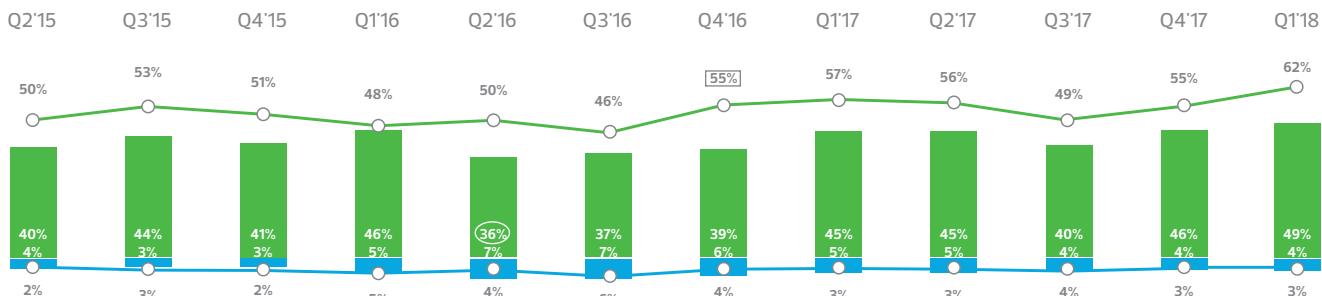
% REMAIN UNCHANGED												
CURRENT	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	(n=210)	(n=251)	(n=209)	(n=426)	(n=404)	(n=400)	(n=405)	(n=409)	(n=409)	(n=400)	(n=406)	(n=412)
FUTURE	46%	53%	47%	51%	51%	51%	47%	50%	44%	45%	42%	44%
	(n=210)	(n=251)	(n=209)	(n=426)	(n=404)	(n=400)	(n=405)	(n=409)	(n=409)	(n=400)	(n=406)	(n=412)

- Thinking about your organization's overall hiring levels this quarter versus last quarter, how would you describe your current hiring levels? Would you say hiring levels have ...
- What are your expectations regarding your organization's overall hiring levels over the next six months? Do you expect hiring levels to ...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## EMPLOYEE COMPENSATION

Middle market businesses continue to anticipate increasing compensation, with 62 percent expecting compensation levels to increase over the next six months.



■ CURRENT increased ■ CURRENT decreased ■ ○ FUTURE increase ■ ○ FUTURE decrease

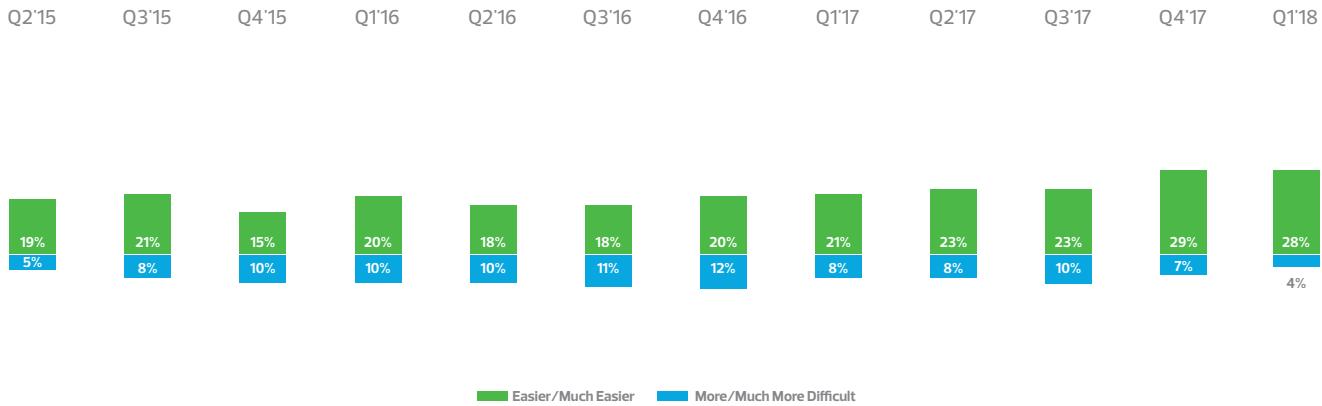
% REMAIN UNCHANGED												
CURRENT	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	(n=210)	(n=252)	(n=208)	(n=424)	(n=403)	(n=399)	(n=406)	(n=407)	(n=400)	(n=404)	(n=400)	(n=412)
FUTURE	56%	53%	56%	49%	57%	56%	55%	50%	49%	56%	50%	47%
	(n=209)	(n=252)	(n=208)	(n=426)	(n=404)	(n=400)	(n=406)	(n=409)	(n=400)	(n=405)	(n=400)	(n=412)

- Thinking about employee compensation at your organization this quarter versus last quarter, how would you describe the current employee compensation level on average? Would you say employee compensation, on average, has...
- What are your expectations regarding your organization's employee compensation over the next six months? Would you say employee compensation, on average, will...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## ACCESS TO CREDIT

Similar to the past two quarters, 28 percent of middle market executives reported access to credit was easier or much easier. Only 4 percent said it was more difficult or much more difficult.



■ Easier/Much Easier ■ More/Much More Difficult

% REMAIN UNCHANGED												
CURRENT	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	(n=210)	(n=247)	(n=202)	(n=420)	(n=398)	(n=394)	(n=397)	(n=397)	(n=405)	(n=394)	(n=400)	(n=410)
FUTURE	76%	71%	75%	70%	72%	71%	69%	71%	69%	68%	64%	68%
	(n=209)	(n=246)	(n=201)	(n=419)	(n=397)	(n=393)	(n=396)	(n=396)	(n=404)	(n=393)	(n=399)	(n=411)

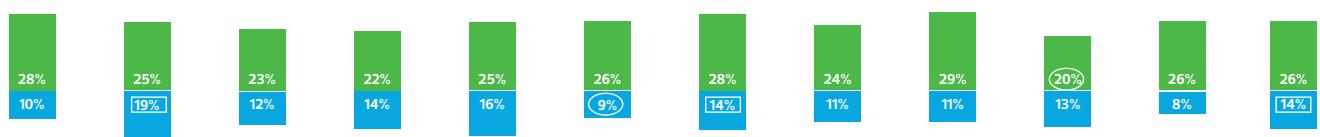
- Thinking about the availability or ease with which your organization can borrow money this quarter versus last quarter, how would you describe current access to credit? Would you say that accessing credit is...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## PLANNED BORROWING

The percent of middle market companies anticipating a decline in planned borrowing over the next six months increased significantly in the current quarter (14 percent versus 8 percent).

Q2'15      Q3'15      Q4'15      Q1'16      Q2'16      Q3'16      Q4'16      Q1'17      Q2'17      Q3'17      Q4'17      Q1'18



■ Increased      ■ Decreased

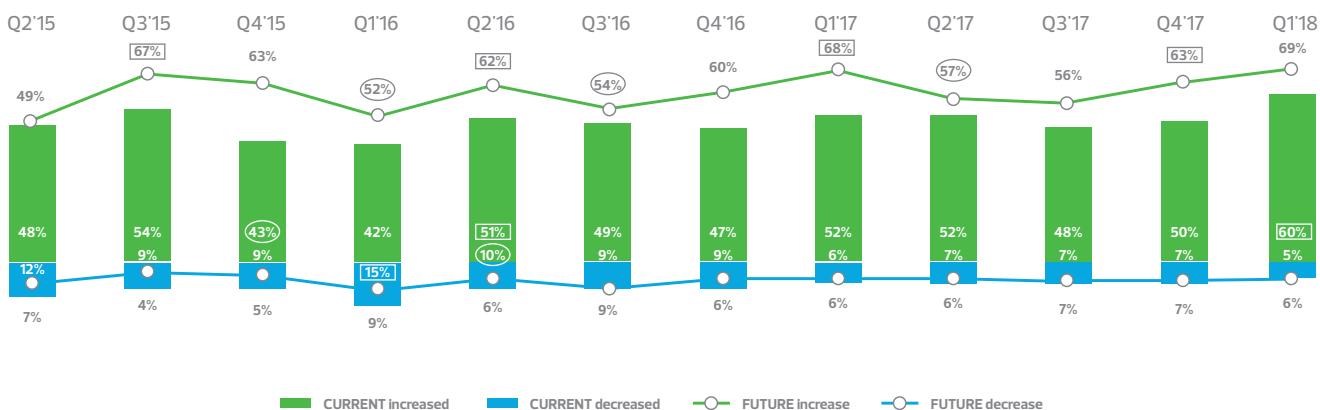
% REMAIN UNCHANGED												
FUTURE	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	(n=209) 61%	(n=251) 56%	(n=203) 64%	(n=419) 64%	(n=401) 59%	(n=399) 65%	(n=400) 58%	(n=406) 65%	(n=406) 60%	(n=396) 68%	(n=400) 66%	(n=411) 61%

· What are your expectations regarding your organization's planned borrowing over the next six months? Would you say your organization's borrowing will...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

## AMOUNT PAID FOR GOODS AND SERVICES (EXCEPT LABOR)

Significantly more executives claimed the amount paid for goods and services increased this quarter versus last quarter – (60 percent versus 50 percent). Sixty-nine percent expect the amount paid for goods and services will increase over the next six months.



■ CURRENT increased      ■ CURRENT decreased      ○ FUTURE increase      — FUTURE decrease

% REMAIN UNCHANGED												
CURRENT	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
CURRENT	(n=209) 40%	(n=252) 37%	(n=208) 48%	(n=426) 43%	(n=401) 39%	(n=399) 42%	(n=406) 44%	(n=408) 43%	(n=408) 41%	(n=405) 45%	(n=400) 42%	(n=411) 35%
FUTURE	(n=210) 44%	(n=252) 29%	(n=208) 32%	(n=426) 38%	(n=403) 33%	(n=399) 37%	(n=406) 34%	(n=407) 26%	(n=399) 36%	(n=404) 37%	(n=400) 29%	(n=411) 25%

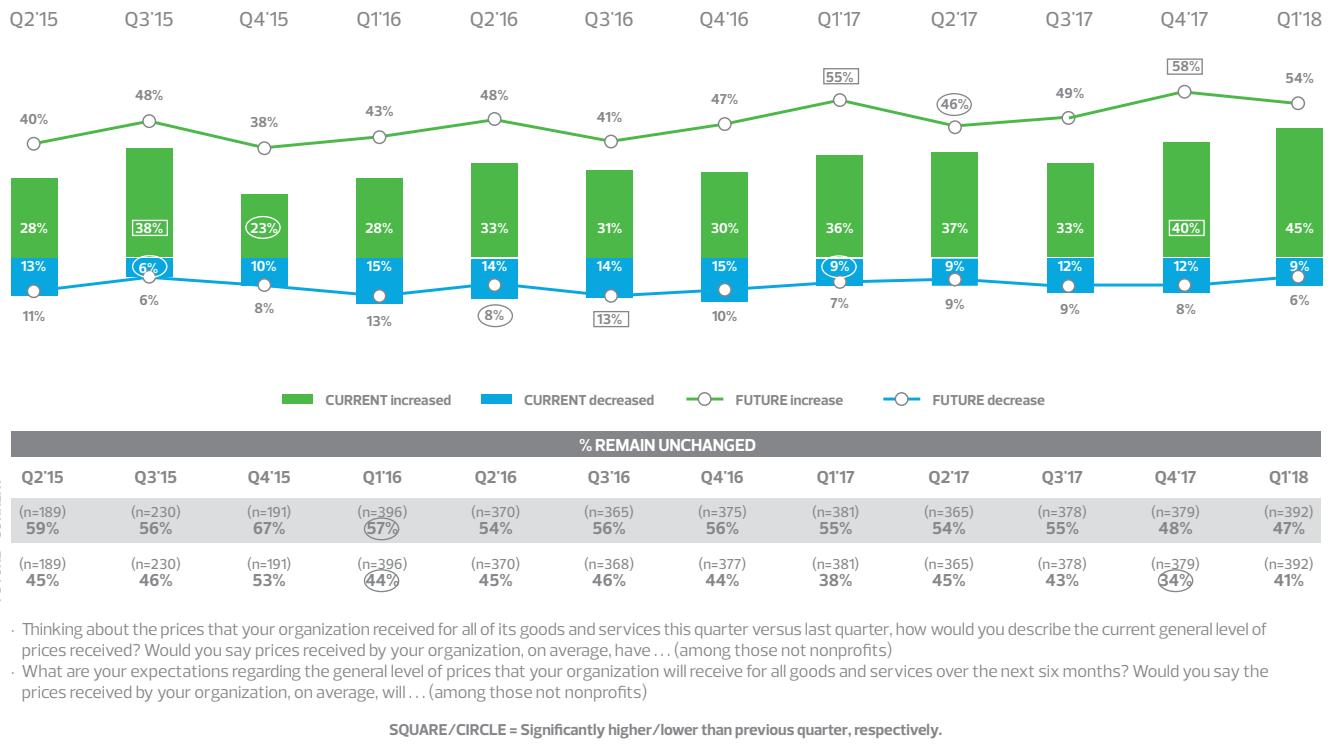
· Thinking about the prices that your organization pays for all goods and services, except labor, this quarter versus last quarter, how would you describe the current general level of prices paid? Would you say prices paid, on average, have...

· What are your expectations regarding the general level of prices that your organization will pay for all goods and services, except labor, over the next six months? Would you say prices paid, on average, will...

SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.

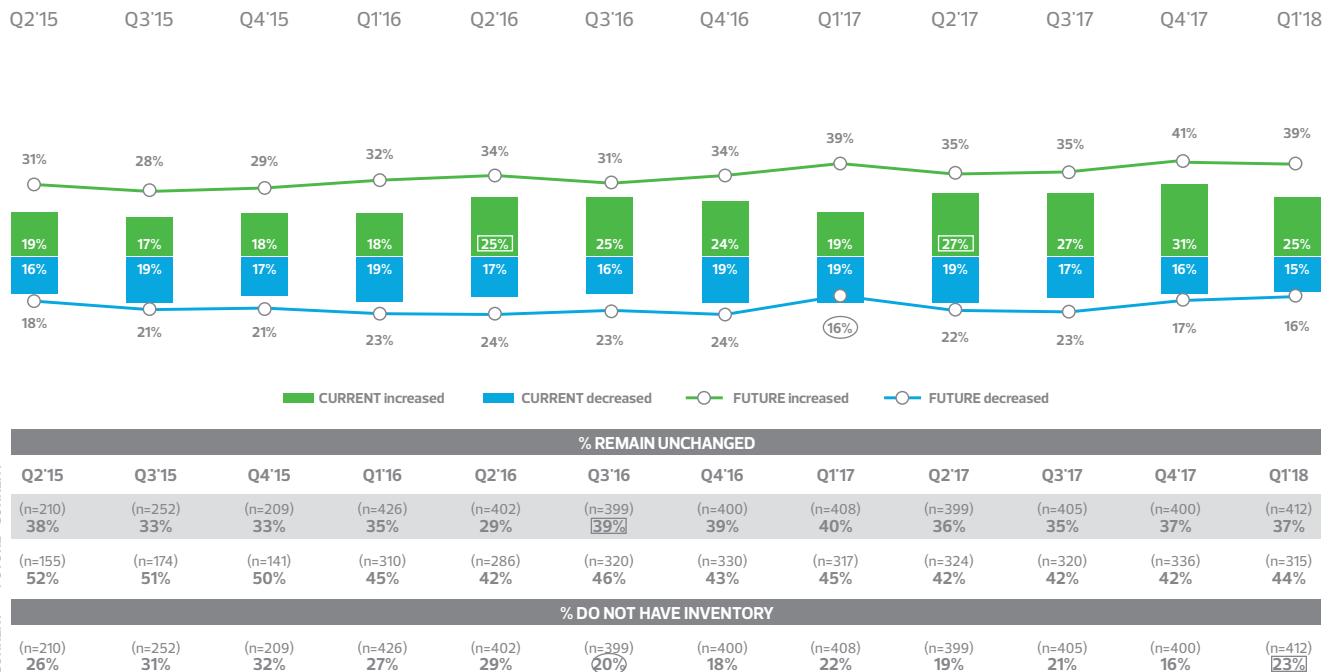
## AMOUNT RECEIVED FOR GOODS AND SERVICES

Current and future expectations regarding the amount received for goods and services are comparable to the levels observed in the fourth quarter.



## INVENTORY LEVELS

Current and future expectations regarding inventory levels are comparable to the levels observed in the fourth quarter.



- Thinking about your organization's inventory levels this quarter versus last quarter, how would you describe current inventory levels? Would you say inventory levels have ...
- What are your expectations regarding your organization's planned inventory levels over the next six months? Would you say your inventory levels will ... (among those that have inventory)

**SQUARE/CIRCLE = Significantly higher/lower than previous quarter, respectively.**

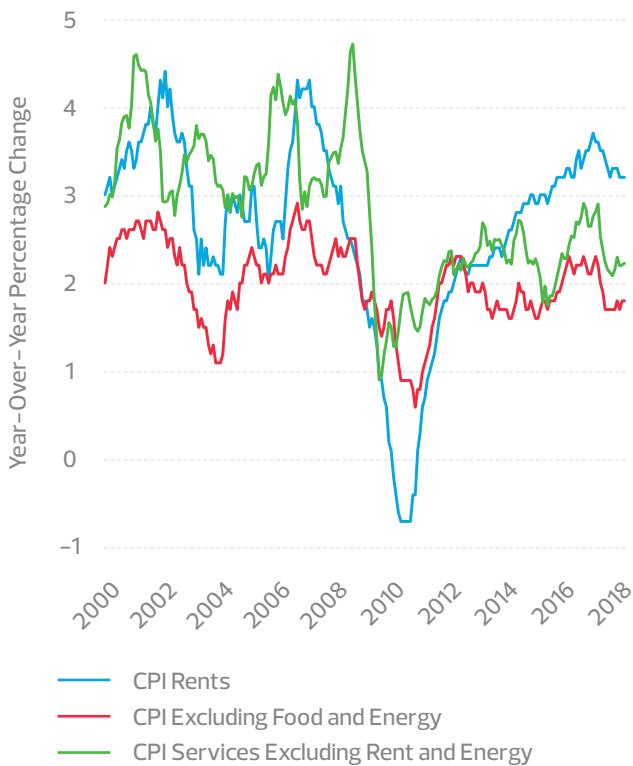
## MIDDLE MARKET POISED TO TEST PRICING POWER AMID INFLATION REGIME CHANGE

Over the past several weeks financial markets have begun to price in a regime change in growth, inflation and interest rates across the United States and global economy. This was the trigger, though not the solitary cause, of the recent volatility in global equity markets. Our MMBI survey respondents seem to agree with that notion of regime change, especially in pricing.

Middle market executives reported fresh cyclical highs for questions about increased prices paid versus the last quarter and expectations over the coming six months, 60 percent and 69 percent, respectively.

Higher prices paid not only correspond with our outlook for a firming of inflation in 2018 with an acceleration in 2019, but also indicate that middle market businesses now believe that they have sufficient market power to begin passing along price increases to customers downstream. This means core inflation—excluding gasoline and food—will begin to creep higher sooner than most policymakers, middle market business executives and consumers think.

### CONSUMER PRICE MEASURES



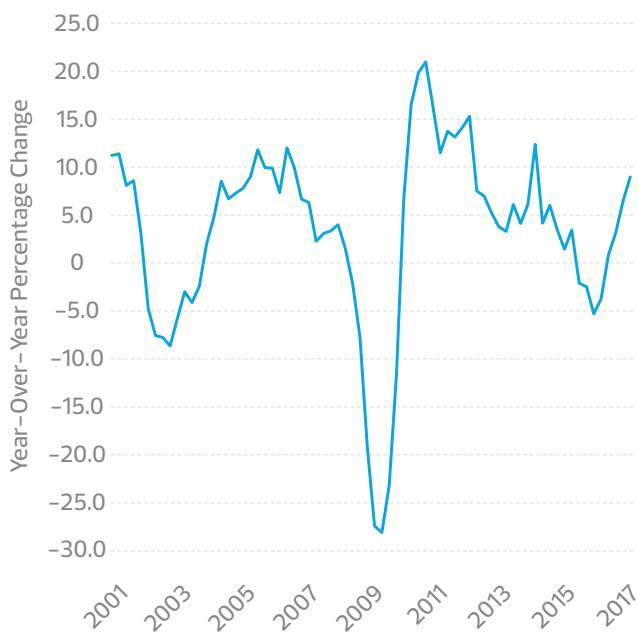
Source: RSM US, Bloomberg LLP

## MIDDLE MARKET BUSINESSES RISK FALLING BEHIND LARGER PEERS ON CAP EX SPENDING

We continue to emphasize the relationship between revenues, profits and tax cuts on middle market business behavior in 2018. In the fourth quarter of 2017, we expressed concern about the relatively low number of midsized businesses planning to accelerate capital expenditures. Given the improved economic outlook, strong revenues and increased profits, we expected capital spending in the most recent quarter to improve. However, only 45 percent of respondents report increasing outlays on software, equipment and intellectual property in the first quarter; just 55 percent plan to boost capital outlays over the next six months. While first-quarter cap ex spending does mark a cyclical high, rapid transformation to an economy driven by technological advancements for the production of goods and the provision of services may not be sufficient to meet the challenges of The Great Disruption that is beginning to define the U.S. economy.

Moreover, given the size of the tax cuts for U.S. businesses, it is paramount that middle market get ahead of the coming disruption curve to their industries by investing in software, equipment and intellectual property. For many middle market businesses, the new tax rates will likely be the lowest in their lifetimes. The second quarter 2018 MMBI report will survey executives about their plans for additional revenues linked to the tax cuts implemented this year.

### US OUTLAYS ON EQUIPMENT



Source: RSM US, Bloomberg LLP

# HOW THE MMBI IS CONSTRUCTED

## CONTINUED FROM PAGE 16

The MMBI is borne out of the subset of questions in the survey that ask middle market executives to report the change in a variety of indicators. Middle market executives are asked a total of 20 questions patterned after those in other qualitative business surveys, such as those from the Institute of Supply Management and the National Federation of Independent Businesses.

The 20 questions relate to changes in various measures of their business, such as revenues, profits, capital expenditures, hiring, employee compensation, prices paid, prices received and inventories; middle market executives are asked to report the change from the previous quarter and to state the likely direction of these same indicators six months ahead. (See Table 1).

The MMBI is a composite index computed as an equal weighted sum of the diffusion indexes for 10 survey questions plus 100 to keep the MMBI from becoming negative. The index is designed to capture both current and future conditions, with five questions on middle market executives' recent experience and five on their expectations for future activity.

Once enough observations exist, each question in the index will be seasonally adjusted when stable seasonality is detected. The seasonal adjustment will be based on the Census Bureau's X-12 additive procedure and will utilize a logistic transformation.

For this adjustment, the "increase" and "decrease" percentage components of each index question will be tested for seasonality separately and adjusted accordingly if such patterns exist. If no seasonality is detected, the component will be left unadjusted.

TABLE 1: RSM US Middle Market Business Index Questions

1. What are your expectations regarding the general economy?
2. What are your expectations regarding your organization's gross revenues?
3. How would you describe the level of your organization's most recent quarter net earnings results?
4. What are your expectations regarding your organization's aggregate capital expenditures or investments?
5. What are your expectations regarding your organization's overall hiring levels?
6. How would you describe your organization's current employee compensation level on average?
7. How would you describe current access to credit?
8. What are your expectations regarding your organization's planned borrowing?
9. How would you describe the current general level of prices received?
10. What are your expectations regarding your organization's planned inventory levels?

# HACKERS INCREASINGLY TARGET UPPER MIDDLE MARKET COMPANIES

Middle market companies may not be taking the threat of a data breach seriously enough as hackers increasingly target businesses in the sector's upper tier, a recent RSM poll shows.

Businesses with revenues of \$50 million to \$1 billion are now in hackers' sights, and many midsize companies may be overconfident about the steps they have taken to shore up their information, according to RSM's first quarter US Middle Market Leadership Council Survey. The survey included a special set of questions surrounding information and data security.

Middle market businesses are seeing a steady rise in data breaches, with 13 percent reporting incidents in the first quarter of 2018, compared to just 5 percent in the same period three years ago. Of the larger middle market companies surveyed by RSM, nearly twice as many—some 19 percent—report a first quarter breach, compared to 10 percent two years ago.

"While smaller organizations are easier to target, they often don't have enough data for hackers to monetize," says Daimon Geopfert, national leader of security, privacy and risk for RSM US LLP, adding that hackers "are becoming more professional in their approach." They are actively going after upper middle market companies, which don't have the robust defenses of larger corporations. That's really their sweet spot.

Nearly half of middle market businesses (47 percent) indicate a likelihood that unauthorized users will attempt to access their businesses' data or systems in 2018, the survey found. However, the majority (93 percent), remain confident in their organizations' existing measures to safeguard sensitive customer data. "There's almost a rationalization going on; they are trying to convince themselves that they are a little more protected from a potential data breach than they really are," Geopfert says.

A little more than half of middle market businesses (52 percent) said they carry cyber insurance to protect their businesses and individual users from internet-based threats. Meanwhile, 18 percent of middle market businesses claimed they experienced a ransomware demand during the last 12 months. Of those impacted, half claimed more than one attack, and 44 percent said their existing security and operational controls were not completely successful in dealing with the breach.

Vincent Voci, senior policy manager for national and cybersecurity at the U.S. Chamber of Commerce, calls for more vigilance on the part of businesses. "By using sound risk management tools, like cyber insurance, middle market businesses can improve their security and resilience postures and make the price of illicit hacking increasingly steep," Voci says.

Geopfert says increasing incidences of middle market cybercrime may be exacerbated by views among middle market executives that their businesses are too small to draw attention from hackers.

"The problem is a lot of the hacking is automated. It simply grinds around the internet and looks for vulnerabilities," he says. "To the hackers you are just an IP address and numbers, and the internet is a giant, agnostic blob of numbers. From that perspective, everyone is a potential target."

*Look for RSM's comprehensive report on data security and the middle market, coming in April.*

For more information on RSM, please visit [www.rsmus.com](http://www.rsmus.com).

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