Google BeyondCorp: The Financial Case for Controlled Business Access

THE SCALING EDGE • ISSUE 3 • Google BeyondCorp — corporate strategy spotlight

Educational example | Financial figures are hypothetical unless otherwise noted.

The strategy: what the business owner should understand

Security is an operating and governance decision, not merely an IT expense. BeyondCorp illustrates verifying identity and granting access according to work requirements rather than assuming trust.

A twelve-person business has shared administrator accounts for payroll, accounting and customer records. A departing contractor retains access.

How to apply the strategy

Map access by role, require unique accounts and MFA, separate invoice preparation from payment approval, and review permissions quarterly.

Before acting, write down the baseline, the owner of the process, the cost of the change, and the evidence that would make you continue or stop.

Build the financial model before making the decision

Annual control cost = one-time implementation + 12 × monthly cost. Scenario expected loss = estimated incident probability × financial impact. This is a risk model, not a guaranteed return.

A new access-review process costs $200/month, lowering monthly EBITDA by $200 before any measurable avoided incidents. If implementation costs $1,200 once, first-year cash cost is $3,600. A modeled 4% probability of a $30,000 incident implies $1,200 expected annual loss; reducing the modeled probability to 1% lowers that exposure to $300. These are assumptions, not verified incident rates.

Illustrative monthly income statement	Before	After
Sales revenue	$80,000	$80,000

Direct costs / cost of services	($45,000)	($45,000)
Gross profit	$35,000	$35,000
Operating expenses excluding D&A	($20,000)	($20,200)
EBITDA	$15,000	$14,800
Depreciation and amortization	($2,000)	($2,000)
Operating profit (EBIT)	$13,000	$12,800
Interest expense	($600)	($600)
Income taxes (illustrative)	($1,800)	($1,800)
Net income	$10,600	$10,400

EBITDA before = $15,000. EBITDA after = $14,800. Change = ($200). EBITDA is not net income or operating cash flow; it excludes interest, income taxes, depreciation and amortization.

Read the financial ratios together

Ratio	Formula	Before	After
Gross margin	Gross profit ÷ revenue	43.75%	43.75%
EBITDA margin	EBITDA ÷ revenue	18.75%	18.50%
Operating margin	EBIT ÷ revenue	16.25%	16.00%
Net profit margin	Net income ÷ revenue	13.25%	13.00%
Operating expense ratio	Operating expenses excl. D&A ÷ revenue	25.00%	25.25%

A percentage-point change is the difference between two percentages. For example, moving from 10% to 12% is a two-percentage-point improvement. Do not call it a 2% revenue increase.

Where to find the evidence in your statements

Profit and loss (P&L)

Find revenue, cost of sales, operating expenses, depreciation, interest and taxes. Confirm that added costs and savings are coded to the same categories before comparing periods.

Balance sheet

Review cash, accounts receivable (A/R), inventory, accounts payable (A/P) and any new borrowing. Higher revenue can produce higher A/R before it produces cash.

Cash flow and bank activity

Separate actual payments from noncash entries. Depreciation reduces accounting profit but is not a current-period cash payment. Payroll, inventory and software payments may happen before customers pay.

Operational reports

Use the metric closest to the strategy: defects, access exceptions, follow-up rates, invoices processed, handoff errors, product conversions, status calls, pilot orders or completed jobs.

How one decision affects the rest of the business

More approval steps can delay vendor payments. Assign an authorized backup approver and monitor turnaround.

Sales and marketing: check whether more demand requires more leads, follow-up time or customer support. Operations: verify capacity, quality and turnaround. Accounting: track revenue recognition, direct costs, overhead and receivables. Cash: forecast the timing of supplier payments, payroll and customer collections.

How the owner should decide

Approve controls based on confidentiality obligations, maximum plausible loss, contractual requirements and continuity—not an invented 'security ROI.' Record whether expenses are one-time or recurring.

Use a 30-day pilot when feasible. Define the expected change, measurement owner, cost ceiling, quality safeguards and stop condition before starting.

Your 30-day financial review worksheet

Question	Enter your business numbers
Monthly sales	_____
Direct costs	_____
Operating expenses excluding D&A	_____
Depreciation and amortization	_____
Interest expense	_____
Income taxes	_____
Current EBITDA	_____
Current EBITDA margin	_____
Operating metric and baseline	_____
Expected improvement	_____
Incremental direct costs	_____
Additional fixed expenses	_____
Expected EBITDA change	_____
Expected cash impact	_____
Owner and review date	_____

The lesson to take away

A corporate strategy becomes useful to a small business only when the owner can explain the problem, calculate the expected benefit, identify which other functions will be affected, and verify the result in both operational and financial records.

About this article: An Across the Table educational adaptation. Numerical business examples are illustrative unless expressly identified otherwise.

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