

Harvey Nash **IT** Briefing

July/August edition, 2005

Low-tech Cyber Fraud

From shoulder surfing to phishing, this article explores some of the latest tactics employed by cyber criminals.



The Renaissance CIO

Why tomorrow's CIO must be multi-talented and offer business experience far beyond the IT fence.



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Low-tech Cyber Fraud

As the world becomes increasingly underpinned by technology, criminals have had to replace the 'swag' bag and mask with a keyboard and mouse. Cyber security has moved onto the boardroom agenda, and large sums are being spent on firewalls and other hi-tech 'perimeter' security measures. While some cyber criminals are raising their game in response to the arms race, others are reverting to more low-tech techniques that rely on weaknesses in human nature and business processes. This article explores the armory available to the low-tech fraudster.

Shoulder surfing

The simplest way in which to obtain passwords/pin numbers is to observe the user typing them in. Thus, users must ensure that there are no observers looking over their shoulders as they log in.

Phishing

The scammer sends out bulk e-mail that appears to come from a major international bank, which increases the chances of it landing in the inbox of a genuine customer of that bank.

The e-mail requests the recipient to click through to the 'bank's website' and submit their account details. The site is, of course, bogus but can often look quite realistic. Increasingly the phishers are preying on the recipient's greed by tempting them with cash offers to enter their account details. Once the details are captured, the phishers can plunder the account. Citibank and PayPal customers appear to be popular targets.

Password revelation

This scam involves catching people off-guard. The target receives a phone call from the IT department, warning them that their account has been compromised and that their account details need to be verified. The scammer usually has the name of someone who is working in the IT department and sounds plausible. The harried user passes over his account details so that he can just get on with work. The scammer now has an entry point into the corporate intranet.

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Confidence tricksters

Many organizations do not impose any restrictions on choice of passwords. So users, in order to make their password memorable use the name of their partner, children, favorite football team, pet, etc. Some carefully chosen questions asked in an unthreatening environment, e.g. at a party, will most likely unveil the target's password.

Credit card fraud

Advances in 'chip and pin' technology have gone some way to reduce this, but this offers no defense against 'cardholder not present' transactions conducted online.

Auction fraud

This is a remarkably simple fraud that abuses the trust that underpins the business model of online services



such as eBay. The buyer believes they are buying something and part with their funds. But nothing arrives. iPods appear to be popular bait in this respect. If a deal looks too good to be true, then that is most likely the reality.

Identity theft

Often preceded by 'dumpster diving,' i.e. wading through the target's dustbin looking for old bank statements/utility bills. Such documents can provide enough information to enable fraudsters to exploit your credit worthiness.

The increasing popularity of spyware, such as keyboard-sniffers, remind us that technology has a role to play in guarding against fraud. However, the popularity of the low-tech techniques mentioned should serve to remind us that cultural change is also needed, so that we are constantly on the look out for low-tech threats. Gaining the right balance between vigilance and paranoia will be the challenge.

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The Renaissance CIO

As usual, Harvey Nash's recently published global CIO Market Survey threw up some interesting trends, including increasing ambivalence towards outsourcing and a move to portfolio off-shoring.

The fact that CIO tenure length is increasing is a measure of a nervous past. The fact that 60% of CIOs are looking to move in the next two years suggests a more confident future.

But the big take-away for me is that some CIOs are clambering over the sandbags and looking to play active roles in other parts of the business. I decided to explore this further by asking Simon La Fosse, who runs Harvey Nash's CIO practice, what he felt about this thirst for variety. His response: "Leadership talent is hard to find. So when business leaders notice that their senior executives are performing well, they are inclined to reward them with more responsibility. There is a new breed of CIO that is building a reputation for getting the job done. These CIOs tend to have a business results outlook rather than being technology oriented. Consequently, they are on the same wavelength as the boardroom."

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But given the challenges faced by CIOs, how can they find time to extend their responsibilities?

La Fosse answers, "CIOs need to develop their people to take more responsibility. Remember management is achieving results through others; delegation is the key.

So, smart CIOs make headroom for themselves by investing in their people." He adds, "CIOs should not wait to be asked. If an opportunity presents itself, the CIO should be proactive. Perhaps experience gained in automating the back office will make the CIO well placed to take full ownership of supply chain management. Keep in mind that CEOs like numbers, so present your vision in financial terms, whether it is projected cost savings or anticipated profits."

Applying for additional responsibility necessitates communicating to the board in business-speak. Using terms such as profit, governance, balance sheet and prison will certainly capture their attention."

I asked David Burden, CIO of Royal Mail, for his take on the expanding CIO role. Interestingly Burden started his career as a Tech Sector venture capitalist. A CIO that can 'talk financial' will always be attractive to the board. A CIO that can talk complex structured finance deal making is likely to make a CEO roll over for tummy tickling.

Burden comments: "The underlying trend is that given the increasing importance of IT, CIOs are being pulled up to board level. CEOs generally like to keep the executive committee to about six or seven members. This accelerates decision-making and also necessitates each member having to wear multiple hats. It is rare to see CFOs, for example, who focus solely on finance."

By way of development he advises, "CEOs, when selecting an executive team, look for chemistry, complimentary skills and best 'bang per buck.' So multi-talented CIOs will be seen as good value. Gaining business experience beyond the IT fence is important. Perhaps even more importantly, CIOs must shed any reputation they might have of being a technologist. Your peers need you to speak their language."



An interesting corollary to this is that CIOs that speak business will have greater board-level influence. Smart CIOs, who happen to get a buzz from technology and its application to business, are more likely to get budgetary approval if they ask 'properly.'

It would appear that the quickest route to the boardroom is to become multi-talented. Conversely, having only one hat, and in particular one with a propeller attached to it, is a surefire way to curb 'responsibility creep' and perhaps to ensure that CIO really should stand for 'Career Is Over.'

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Latest news

Government quarantines open source

The UK Government is taking open source seriously by opening an open source test laboratory. Local authorities will use the facility to trial open source applications. In the spirit of open source will they make their findings available to the wider community? And similarly, will IBM have a 'behind the scenes' influential role to play?

Card sharks strike

(Black) hats off to the hackers that have stolen details of 40 million credit cards in what appears to be the largest hack on record. MasterCard and Visa were both victims. Given that it is now law in some U.S. states to alert customers if their details have been compromised, this may be the largest publicly known attack, as opposed to the largest ever. Such attacks make a mockery of security 'advances' such as 'chip and pin.'

Microsoft plans radio program

Microsoft is planning to incorporate RFID (Radio Frequency Identification) technology into its BizServer platform. RFID is essentially wireless electronic bar-coding. Companies are looking to drive costs out of their supply

chain and RFID has a role to play in this. The uptake has been slow to date. A lack of RFID standards and concerns over privacy infringement are the main inhibitors. Microsoft's interest in RFID and CRM could well see the emergence of a customer relationship solution that truly gives the full picture of customers' buying habits, and even usage habits.

Terrorism doesn't scare business, IT does

A survey by SunGard Availability Services states that the increasing reliance on IT is driving the demand for business continuity and disaster recovery services (53% of respondents). Terrorism accounted for 34% in 2003, but this year's study shows a drop to 5%. This suggests that businesses are more concerned about problems arising in the IT department, e.g. software/hardware failures, than the threat of terrorism.

Intel's customer harvesting program

Intel sees China as an offshore customer producer. It is investing \$200m in Chinese companies that are developing technologies that will ultimately fuel demand for Intel chips. If you are a global leader and need to keep your share price heading north, then growing your own customers is an innovative way forward.

Siebel's micro-dividend

Siebel has faced pressure from its shareholders to distribute its \$2.2bn cash stockpile (ideally before it is acquired). Siebel pre-empted a possible shareholder revolt at its recent annual general meeting by announcing a \$0.025 per share dividend, which equates to 2% of the stockpile. This token gesture will have the effect of both irritating investors and turning Siebel from a growth stock to a value stock, which is somewhat premature given the volatility of the CRM marketplace.

Geological changes face offshoring landscape

According to Indian government officials, India is careening towards a labor shortage in respect of IT and BPO offshoring. The estimated shortfall by 2009 will be a quarter of a million staff. This will force many customers to look elsewhere. China is waiting in the wings. In a recent survey conducted by DiamondCluster, 40% of the 210 outsourcing buyers polled expect to establish operations in China within the next three 3 to 5 years. This figure is up from 8% last year.

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