



## Case Communications February 2008 Newsletter

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Will Open Source Software threaten Microsoft in 2008?

O2 Survey Shows

Dissatisfaction with Broadband Suppliers.

Marks and Spencers

Security Threat

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'unlocked'

Microsoft has offered to

buy the search engine

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\$44.6bn (£22.4bn) in cash

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Yahoo cuts jobs as profits

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## Welcome,

Welcome to the Case Communications February 2008 News Letter.

This is our first Newsletter of 2008 and we take this opportunity to wish all our readers a Prosperous New Year.

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### Will Open Source Software threaten Microsoft in 2008?

According to a recent survey by SOCITM of 468 heads in IT, the Open Source community and vendors promoting software-as-a-service will present a serious threat to software giants.

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### O2 Survey Shows Dissatisfaction with Broadband Suppliers.

56% of British people polled have admitted that Broadband issues have made them loose their tempers with their hardware

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### Marks and Spencers Security Threat

Retailer Marks & Spencer (M&S) could face prosecution if it does not comply within two months to the overhaul of its data security after losing 26,000 employees' pension details.

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### Technical Overview - IP Sec

Short for IP Security, a set of protocols developed by the IETF to support secure exchange of packets at the IP layer. IPsec has been deployed widely to implement Virtual Private Networks (VPNs). Case Communications Security Development Manager, Paul Hawes provides this brief overview of IP Sec.

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### Quarter of US iPhones 'unlocked'

More than a quarter of iPhones sold in the US have been "unlocked" to work on network providers other than Apple's exclusive partner AT&T, a study says

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### **Microsoft has offered to buy the search engine company Yahoo for \$44.6bn (£22.4bn) in cash and shares.**

The offer, contained in a letter to Yahoo's board, is 62% above Yahoo's closing share price on Thursday. Yahoo cut its revenue forecasts earlier this week and said it would have to spend an additional \$300m this year trying to revive the company. It has been struggling in recent years to compete with Google, which has also been a competitor to Microsoft.

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### **Yahoo cuts jobs as profits fall**

Profits at Yahoo have fallen 23% and the internet search engine says it plans to lay off 1,000 workers

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### **BT's Free Business Line Divert - looks good but it has a catch**

If you have a Single Business Divert PSTN line, then BT is improving it by upgrading it to a Business Line Divert at no extra cost on 19 February. Sounds like something for nothing.

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### **Malware trends suggest new twists on old tricks**

With the new year upon us, the bad guys continue to improve their computer attacks, refining their outdated techniques and introducing new twists. Let's look at some of the trends that will likely dominate the information security threat landscape in 2008:

*Article courtesy of Ed Skoudis*

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### **UK Towns to Join the Fibre Highway?**

The UK's first "fibre town" could go online in the autumn, delivering speeds of about 100Mbps (megabits per second) to consumers' homes.

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### **BT Fails to Meet Deadline**

**BT to delay £10bn National Network**

**BT will fail to complete a £10 billion project to upgrade its national phone network on time, with only a handful of a planned 350,000 lines already transferred in the pilot area**

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## **Recall Notice**

**Netgear recalls 82,000 powerline Ethernet adaptors**

Netgear UK has asked anyone who owns and uses its XE103 85Mb/s powerline Ethernet adaptor to send them back - all 82,000 of the ones that it's sold here and elsewhere in Europe.

[\[More\]](#)

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## **BT Charges More to Talk**

**Fury as BT Raises Line Rental charges**

Telecomms giant BT caused outrage last week when it announced its first line rental increase in two years.

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**Will Open Source Software threaten Microsoft in 2008?**

According to the Society of IT Managers (SOCITM) recent survey of 468 heads of IT in the UK, open source and vendors promoting software-as-a service (SaaS) will present a serious threat to software giants in local government as IT managers fight to keep within their budgets.

The society also found that expenditure would increase nine percent in 2008 to £3bn with a growing portion spent on software.

Though the exact figure was not available John Serle, author of IT Trends at SOCITM, said that in general more money was being spent on software than hardware, particularly Microsoft applications, and alternatives might be sought. John went on to say 'You have to wonder how much longer it will be before the Government cracks and moves to open software' He added 'Other competitors to Microsoft are coming into the market with SaaS. Google is expanding what it offers and due to the amount of money spent on software these services will be considered' He predicted' there will be a serious threat to vendors in the application space.



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**O2 Survey Shows Dissatisfaction with Broadband Suppliers.**

Broadband consumers in Cardiff are most likely to get technorage, according to the survey, while users in Bristol are the most dissatisfied with their service. Nearly a quarter of users there said they plan to switch broadband providers in the next three to six months.

Speed tops the list of fat pipe frustrations, with nearly a quarter of respondents saying sluggish connections are the most annoying thing about their broadband service. This is in line with a report last year by price comparison website uSwitch, which found nearly four million broadband users are unhappy with the speed of their connection and that the average customer pays £213 per year to receive a speed of 5Mbps but in reality receives only 3Mbps.

But the UK's fat pipe-related frustrations don't stop at speed, according to the latest survey. Customer service is also a pain in the proverbial for many broadband Brits - with 20 per cent of respondents saying they have difficulty getting through to their provider, and the majority describing being put on hold as one of the most stressful situations of daily life

Meanwhile, more than one million Brits are spending at least six hours setting up or troubleshooting their service, with one in five having to contact their provider at least three times to resolve problems.

The survey also found the most tech savvy broadband consumers live in Brighton, while Sheffield dwellers are statistically most likely to need help setting up or managing their service. The survey was based on the responses of 1,500 broadband users across the UK



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## Marks and Spencers Security Threat

Retailer Marks & Spencer (M&S) could face prosecution if it does not comply within two months to the overhaul of its data security after losing 26,000 employees' pension details.

The Information Commissioner's Office (ICO) has threatened the retail giant with possible prosecution after the unencrypted data on a laptop was stolen from a contractor in April 2007.

Names, addresses, national insurance numbers and information about pension plans - including wages but not bank account details - of the UK workers were on the machine.

M&S now has until 1 April to ensure all laptop hard drives are fully encrypted.

The ICO served the enforcement notice on 23 January after M&S would not agree to the ICO publicising the changes it demanded in data security at the company.

A spokesman for the ICO said: "There is no evidence that any employees suffered ID fraud but there is always that risk with this type of information."

Mick Gorrill, assistant commissioner at the ICO, added in a statement: "It is essential that before a company allows personal information to leave its premises on a laptop there are adequate security procedures in place to protect personal information, for example, password protection and encryption.

"If organisations fail to introduce safeguards to protect information they risk losing the trust and confidence of both employees and customers."

The data was stolen from the home of the MD of a company that was preparing pension change statements for M&S.

The ICO found that M&S breached the Data Protection Act by not taking appropriate measures to ensure the security of its data by making sure the laptop data was encrypted.

The enforcement notice says the Information Commissioner Richard Thomas takes the view that damage or distress is likely as a result of personal data getting into the hands of unauthorised persons. A spokeswoman for M&S said: "We have been working with the ICO since we knew what had happened. We have been encrypting all hard drives since October last year."

She said the firm had informed all employees by letter the moment it found out about the theft, set up a helpline for affected workers and provided them with unlimited credit checks with Experian.

Last year Gordon Brown announced that ICO would be given increased powers to conduct spot checks of government departments.

The Information Commissioner has called for these powers to be extended to cover all public bodies and private sector organisations.

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## Technical Overview - IP Sec

### IP Sec Introduction

IPsec protocols operate at the network layer, layer 3 of the OSI Model. Other Internet security protocols in widespread use, such as SSL, TLS, and SSH, operate from the transport layer up (OSI layers 4 - 7). This makes IPsec more flexible, as it can be used for protecting layer 4 protocols, including both TCP and UDP the most commonly used transport layer protocols. IPsec has an advantage over SSL and other methods that operate at higher layers: An application needn't be designed to use IPsec, whereas the ability to use SSL or another higher-layer protocol must be incorporated into the design of an application.

### Security architecture

IPsec is implemented by a set of cryptographic protocols for ;

- (1) Securing packet flows
- (2) Mutual Authentication
- (3) Establishing Cryptographic Parameters

The IP security architecture uses the concept of a security association as the basis for building security functions into IP. A security association is simply the bundle of algorithms and parameters (such as keys) that is being used to encrypt and authenticate a particular flow in one direction. Therefore, in normal bi-directional traffic, the flows are secured by a pair of security associations. The actual choice of encryption and authentication algorithms (from a defined list) is left to the IPsec administrator.

In order to decide what protection is to be provided for an outgoing packet, IPsec uses the security parameter index (SPI), an index to the security association database (SADB), along with the destination address in a packet header, which together uniquely identify a security association for that packet. A similar procedure is performed for an incoming packet, where IPsec gathers decryption and verification keys from the security association database.

### IPSec's Current status as a standard

IPsec is a mandatory part of IPv6 (mandatory to implement, not mandatory to use), and is optional for use with IPv4. While the standard is designed to be indifferent to IP versions, current widespread deployment and experience concerns IPv4 implementations.

IPsec protocols were originally defined by RFCs 1825–1829, published in 1995. In 1998, these documents were obsoleted by RFCs 2401–2412, which are not compatible with 1825–1829, although they are conceptually identical. In December 2005, third-generation documents, RFCs 4301–4309, were produced. They are largely a superset of 2401–2412, but provide a second Internet Key Exchange standard. These third-generation documents standardized the abbreviation of IPsec to uppercase "IP" and lowercase "sec".

It is unusual to see any product that offers RFC1825–1829 support. "ESP" generally refers to 2406, while ESPbis refers to 4303

### **IP Secs Intended Use.**

IPsec was intended to provide either transport mode (end-to-end) security of packet traffic in which the end-point computers do the security processing, or tunnel mode (portal-to-portal) communications security in which security of packet traffic is provided to several machines (even to whole LANs) by a single node.

IPsec can be used to create Virtual Private Networks (VPN) in either mode, and this is the dominant use. Note, however, that the security implications are quite different between the two operational modes. End-to-end communication security on an Internet-wide scale has been slower to develop than many had expected. Part of the reason is that no universal, or universally trusted, Public Key Infrastructure (PKI) has emerged (DNSSEC was originally envisioned for this); another part is that many users understand neither their needs nor the available options well enough to promote inclusion in vendors' products. Since the Internet Protocol does not inherently provide any security capabilities, IPsec was introduced to provide security services such as the following:

1. Encrypting traffic (so it cannot be read by parties other than those for whom it is intended)
2. Integrity validation (ensuring traffic has not been modified along its path)
3. Authenticating the peers (ensuring that traffic is from a trusted party)
4. Anti-replay (protecting against replay of the secure session).

### **Modes**

There are two modes of IPsec operation: transport mode and tunnel mode

#### **Transport mode**

In transport mode, only the payload (the data you transfer) of the IP packet is encrypted and/or authenticated. The routing is intact, since the IP header is neither modified nor encrypted; however, when the authentication header is used, the IP addresses cannot be translated, as this will invalidate the hash value. The transport and application layers are always secured by hash, so they cannot be modified in any way (for example by translating the port numbers). Transport mode is used for host-to-host communications. A means to encapsulate IPsec messages for NAT traversal has been defined by RFC documents describing the NAT-T mechanism

#### **Tunnel mode**

In tunnel mode, the entire IP packet (data plus the message headers) is encrypted and/or authenticated. It must then be encapsulated into a new IP packet for routing to work. Tunnel mode is used for network-to-network communications (secure tunnels between routers, e.g. for VPNs) or host-to-network and host-to-host communications over the Internet.

### **Technical details**

The IP Authentication Header provides integrity and authentication and non-repudiation, if the appropriate choice of cryptographic algorithms is made. The IP Encapsulating Security Payload provides confidentiality, along with optional (but strongly recommended) authentication and integrity protection. Cryptographic algorithms defined for use with IPsec include HMAC-SHA1 for integrity protection, and TripleDES-CBC and AES-CBC for confidentiality. Refer to RFC 4305 for details.

### **Authentication header (AH)**

The AH is intended to guarantee connectionless integrity and data

origin authentication of IP datagrams. Further, it can optionally protect against replay attacks by using the sliding window technique and discarding old packets. AH protects the IP payload and all header fields of an IP datagram except for mutable fields, i.e. those that might be altered in transit. In IPv4, mutable (and therefore unauthenticated) IP header fields include TOS, Flags, Fragment Offset, TTL and Header Checksum. AH operates directly on top of IP, using IP protocol number 51. An AH packet diagram:

0 - 7 bit	8 - 15 bit	16 - 23 bit	24 - 31 bit
Next header	Payload length	RESERVED	
Security parameters index (SPI)			
Sequence number			
Authentication data (variable)			

#### Field meanings:

##### Next header

Identifies the protocol of the transferred data.

##### Payload length

Size of AH packet.

##### RESERVED

Reserved for future use (all zero until then).

##### Security parameters index (SPI)

Identifies the security parameters, which, in combination with the IP address, then identify the security association implemented with this packet.

##### Sequence number

A monotonically increasing number, used to prevent replay attacks.

##### Authentication data

Contains the integrity check value (ICV) necessary to authenticate the packet; it may contain padding.

#### Encapsulating Security Payload (ESP)

The ESP protocol provides origin authenticity, integrity, and confidentiality protection of a packet. ESP also supports encryption-only and authentication-only configurations, but using encryption without authentication is strongly discouraged because it is insecure. Unlike AH, the IP packet header is not protected by ESP. (Although in tunnel mode ESP, protection is afforded to the whole inner IP packet, including the inner header; the outer header remains unprotected.) ESP operates directly on top of IP, using IP protocol number 50. An ESP packet diagram:

0 - 7 bit	8 - 15 bit	16 - 23 bit	24 - 31 bit
-----------	------------	-------------	-------------

Security parameters index (SPI)		
Sequence number		
Payload data (variable)		
Padding (0-255 bytes)		
	Pad Length	Next Header
Authentication Data (variable)		

**Field meanings:****Security parameters index (SPI)**

Identifies the security parameters in combination with IP address.

**Sequence number**

A monotonically increasing number, used to prevent replay attacks

**Payload data**

The data to be transferred.

**Padding**

Used with some block ciphers to pad the data to the full length of a block.

**Pad length**

Size of padding in bytes.

**Next header**

Identifies the protocol of the transferred data.

**Authentication data**

Contains the data used to authenticate the packet.

**IP Sec Implementations.**

IPsec support is usually implemented in the kernel with key management and ISAKMP/IKE negotiation carried out from user-space. Existing IPsec implementations tend to include both of these functionalities. However, as there is a standard interface for key management, it is possible to control one kernel IPsec stack using key management tools from a different implementation.

Because of this, there is confusion as to the origins of the IPsec implementation that is in the Linux kernel. The FreeS/WAN project made the first complete and open source implementation of IPsec for Linux. It consists of a kernel IPsec stack (KLIPS), as well as a key management daemon (pluto) and many shell scripts. The FreeS/WAN project was disbanded in March 2004. Openswan and strongSwan are continuations of FreeS/WAN. The KAME project also implemented complete IPsec support for NetBSD, FreeBSD. Its key management daemon is called racoon. OpenBSD made its own ISAKMP/IKE daemon, simply named isakmpd (which was also ported to other systems, including Linux).

However, none of these kernel IPsec stacks were integrated into the Linux kernel. Alexey Kuznetsov and David S. Miller wrote a kernel IPsec implementation from scratch for the Linux kernel around the end of 2002. This stack was subsequently released as part of Linux 2.6, and is referred to variously as "native" or "NETKEY".

Therefore, contrary to popular belief, the Linux IPsec stack did not originate from the KAME project. As it supports the standard PF\_KEY protocol (RFC 2367) and the native XFRM interface for key management, the Linux IPsec stack can be used in conjunction with either pluto from Openswan/strongSwan, isakmpd from OpenBSD project, racoon from the KAME project or without any ISAKMP/IKE daemon (using manual keying).

The new architectures of network processors, including multi-core processors with integrated encryption engines, change the way the IPsec stacks are designed. A dedicated Fast Path is used in order to offload the processing (SA, SP lookups, encryption, etc.). These Fast Path stacks must be co-integrated on dedicated cores with Linux or RTOS running on other cores. These OS are the control plane that runs ISAKMP/IKE of the Fast Path IPsec stack.

There are a number of implementations of IPsec and ISAKMP/IKE protocols. These include:

- WINDGate, Network processor MPU Fast Path IPsec stack
- NRL IPsec, one of the original sources of IPsec code
- OpenBSD, with its own code derived from NRL IPsec
- the KAME stack, that is included in Mac OS X,
- NetBSD and FreeBSD
- "IPsec" in Cisco IOS Software
- "IPsec" in Microsoft Windows, including Windows XP , Windows 2000, Windows 2003 , and Windows Vista
- SafeNet QuickSec toolkits
- IPsec in Solaris



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## Quarter of US iPhones 'unlocked'

According to Bernstein Research Analyst Toni Sacconaghi, one million iPhones, or 27% of those sold last year, have been adapted to work on other networks.

Apple recently admitted that the number of unlocked iPhones was "significant".

The iPhone, which was launched last summer, is tied to a single phone network in each country it is on sale.

While AT&T is Apple's chosen partner in the US, in the UK the iPhone is only officially available through O2, while in Germany it is tied to T-Mobile.

### 'Lost revenue'

Mr Sacconaghi said the high number of unlocked iPhones in the US would be a concern for Apple, as it receives a percentage of AT&T's contract fees from iPhone users.

He estimates that if Apple sells 10 million iPhones in the US by the end of 2008, but 30% of them have been unlocked to work with other phone networks, Apple will lose \$500m (£251m) in revenues.

Apple and AT&T have declined to comment on the detail of the report.

Last month Vodafone failed in the German courts to get T-Mobile's exclusivity deal over the iPhone overturned.



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## Microsoft has offered to buy the search engine company Yahoo for \$44.6bn (£22.4bn) in cash and shares.

In a conference call, Microsoft's Kevin Johnson said that the combination of the two companies would create an entity that could better compete with Google. Today the market [for online search and advertising] is increasingly dominated by one player," he said.

### Chairman quit

Yahoo confirmed that it has received an unsolicited offer and said that its board would evaluate the proposal, "carefully and promptly in the context of Yahoo's strategic plans and pursue the best course of action to maximize long-term value for shareholders." If Yahoo accepted the offer, competition authorities both in the US and the European Union would be likely to investigate the tie-up. Yahoo chief executive, Jerry Yang, announced on Tuesday that he intended to lay off 1,000 staff as part of a restructuring plan. Terry Semel, who stepped down as chief executive last June, also quit as non-executive chairman on Thursday.

Microsoft said that Yahoo shareholders could choose to receive either cash or shares. Yahoo shares have fallen 46% since reaching a year-high of \$34.08 in October. On Friday they closed almost 48% higher. Microsoft closed 6.6% lower while Google shares fell 8.6%.

"Ultimately this corporate marriage was forced by the rise of Google, which has grown into a serious competitor for both Microsoft as a software company and Yahoo as an internet portal," said Tim Weber, business editor of the BBC News website. "It is a shotgun marriage, but the person holding the shotgun is Google."

### 'Exorbitant premium'

According to its letter to Yahoo, Microsoft attempted to enter talks about a deal a year ago, but was rebuffed because Yahoo was confident about the "potential upside" presented by the reorganisation and operational activities that were being put in place at the time.

"This consolidates the marketplace down to Google versus Microsoft. These two companies will be going head to head."

"I personally don't see how the synergies of Microsoft-Yahoo is going to take on Google." Other analysts were more enthusiastic about the offer. "It is a fantastic offer. It is game on," said Colin Gillis from Canaccord Adams.

"A year has gone by, and the competitive situation has not improved," Microsoft's letter said. But there has been some concern about the price that Microsoft is offering. "To me, the premium seems exorbitant, for what is a dwindling business," said Tim Smalls from the brokerage firm Execution LLC.

"I personally don't see how the synergies of Microsoft-Yahoo is

going to take on Google."

Other analysts were more enthusiastic about the offer.

"It is a fantastic offer. It is game on," said Colin Gillis from Canaccord Adams.

"This consolidates the marketplace down to Google versus Microsoft. These two companies will be going head to head."



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## Yahoo cuts jobs as profits fall

Chief executive Jerry Yang predicted a tough year ahead and said the cuts were necessary to transform the firm and make it more competitive.

Reporting its results for the three months to the end of December, Yahoo said it profits stood at \$205.7m compared with \$268.7m a year earlier.

The company, which employs 14,300, did not say where the jobs would be lost.

"While we will continue to face headwinds this year, we believe that the moves we are making will help us exit 2008 stronger and more competitive and return to higher levels of operating cash flow growth in 2009," Mr Yang said in a statement.

Yahoo makes most of its money from advertisers.



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**BT's Free Business Line Divert - looks good but it has a catch**

That might seem a strong headline, but our friends in BT are trying to swing something on customers which I think verges on the unethical.

If you have a Single Business Divert PSTN line, then BT is improving it by upgrading it to a Business Line Divert at no extra cost on 19 February. Sounds like something for nothing.

Sadly not. While I think this is a better service for a business, BT will also consider you have taken out a new 12 month contract from the date of the conversion, regardless of when your current contract expires. If you were thinking of moving supplier, you could find yourself locked in for another year.

BT is writing to customers affected, but I somehow suspect many companies will not realise the implications until it is too late.

For more information, use the link below which will take you to the BT page with more information.

<http://tinyurl.com/2j8w3j>



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## Malware trends suggest new twists on old tricks

### ***Increasing effectiveness and complexity of large-scale botnet management***

Right now, there are multiple active botnets that each contain more than 1 million infected machines. Medium-scale collections (100,000 to a million infected machines) and small-scale ones (less than 100,000) are even more numerous.

Attackers can use annoying but relatively benign schemes -- like pop-up ads, spam and search bar installations -- to harvest money via such an infrastructure. More insidious attacks include pump-and-dump stock scams, denial-of-service floods, phishing schemes and form-scrappers that gather bank account numbers and passwords from browsers.

With large-scale distribution of a botnet's infected computers, these bad guys are encountering the same infrastructure problems that large enterprises have -- distributed remote management en masse is not easy. However, the attackers are a crafty lot, and they are developing robust peer-to-peer communications and control mechanisms to avoid single points of failure in their botnets. Attackers are also using fast flux techniques to rapidly shift critical servers' domain name-to-IP address mapping, making it hard for investigators to hunt down phishing Web sites, control servers and other parts of their infrastructure. Look for such peer-to-peer and fast flux techniques to be included in almost all of the big botnets -- and quite a few of the small- and medium-sized ones -- in the year ahead.

### ***More event-driven, targeted email containing malware***

In early 2007, the Storm Trojan infected hundred of thousands of machines by simply duping email recipients into read an attachment that contained malware. The message's subject line exploited concerns about a string of floods in Europe. The malware's authors continued throughout the rest of the year, modulating their headlines with the latest news stories. As a result, more than 1 million systems became part of the Storm botnet.

Look for more of the same in 2008. Numerous email worms will be spread with bogus -- and sometimes even real -- news stories about the upcoming U.S. primary and general election campaigns, or perhaps other gripping headlines, such as war and unrest in the Middle East.

Information security practitioners should educate users to be extra diligent when reading email and viewing attachments, even from users that they know. When sharing email, users should include the text of news stories pasted in the message, instead of forwarding links or sending attachments. It's also important to redouble efforts for effective email antispam and antimalware deployments.

### ***Leaked high-profile stories of executives nailed by spear-phishing attacks***

Civilian and military organisations have reported a significant number of targeted phishing incidents. The attacks use specially crafted email messages to trick a target organization's users into visiting a site that looks friendly, but will actually attack any browser that surfs there.

Some targeted attacks also include infectious email attachments.

In these so-called "spear-phishing" attacks, the bad guys trick humans into installing a Trojan horse backdoor in the target environment. With malware planted on a victim machine, the attacker has a software sentinel inside the target organisation, which can be used to control that system, take over others and exfiltrate sensitive information.

Some of the attackers look for low-hanging fruit, just any old user who they can trick into providing access inside a particular organisation. Craftier attackers have set their sites on more important targets: corporate officers and higher-up military personnel.

In 2008, we may see some leaked information about targeted, high-profile individuals who fell victim to such attacks. Incident handlers working on the case may inadvertently reveal more information than they should. Leaks could also be intentional, too, due to possible vendettas or legal requirements for breach disclosure. Make sure that your internal incident-handling team has a clear set of non-disclosure agreements, along with documented plans and policies for dealing with the press.

***Increasing cyber-attack activity attributed to nation-states, not organized crime groups:***

Spear-phishing has occurred against major U.S. and European enterprises, and many allegations have cited China as one of the attacks' major sources. Chinese officials have countered by saying that similar attacks are waged against their country as well.

In the spring of 2007, a barrage of packet floods hit the highly wired eastern Bloc country of Estonia, taking down much of its electronic government and banking sites. Some observers claim that the flood was directed by the Russian government for political reasons, but the Russian government denies this and blames Russian nationalists.

This year, look for more suspicions of government involvement in cyberattacks. The continuing packet floods, cyber espionage, and infiltration of military and commercial networks will receive more press scrutiny than ever. We are now in the midst of a shift that will not supplant cybercrime, but augment it, as nation states increasingly use computer attacks to further their interests.

***Decrease in disclosure rate of credit card compromise -- not because of fewer breaches***

If an enterprise suffers a breach that exposes personally identifiable information (PII) to an attacker, state notification laws may require an organisation to alert citizens whose data was compromised. For a computer attack to be considered a breach, however, the data actually has to be exposed to the attacker. With an increasing number of enterprises using desktop and laptop encryption tools, there is a chance that attackers cannot actually view the data that they receive from a hacked system or stolen laptop.

But some desktop and laptop encryption tools aren't very good. Microsoft's Encrypting File System, for example, leaves clear-text copies of data shortly after it is encrypted. Some tools (including Microsoft's EFS) only use an operating system password to protect file encryption keys, instead of a separate and carefully guarded password just for the cryptographic function or even an authentication token or smart card. If attackers can crack a user's operating system password, they can then decrypt files with EFS and similar tools.

If an organisation suffers a breach, management must discern whether there was a reasonable chance that data was exposed. Even if the data is encrypted with a weak encryption product, management will likely respond that the sensitive information wasn't compromised.

In 2008, we may see less disclosure, but not fewer breaches. Such a trend will unfortunately hide the magnitude of real security problems.

Enterprise security personnel should make sure that they use strong laptop crypto products. They should also verify and review the disclosure decision-making process with management and legal personnel.

This new year will likely spell busy times for information security professionals, as attackers continue to ramp up their abilities. Keeping up with the bad guys won't be easy, but it is vital that we understand their latest tactics and work diligently to thwart them. Don't get discouraged. Instead, remind yourself about how exciting these times are, and how we are fighting the good fight.



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## UK Towns to Join the Fibre Highway?

Fibre firm H2O provides super-fast broadband via the sewers and either Bournemouth, Northampton or Dundee will be offered the service first.

It will compete with more established companies, such as Virgin Media, which is speeding up its cable network.

It follows government concerns that the UK is not embracing next-gen broadband.

### Transforming services?

While other countries' plans for next generation broadband - offering speeds of up to 100Mbps - are well advanced, the UK has slipped down the speed league tables.

For consumers, super-fast net connections could create a range of new applications including on-demand high definition (HD) TV, DVD quality film downloads in minutes, online video messaging, CCTV home surveillance and HD gaming services.

Last month BT announced that its own fibre to the home trial at Ebbsfleet in Kent would see the first homes connected by August of this year.

But this will initially be limited to around 600 new houses. The development will eventually have some 10,000 homes connected via fibre with speeds of up to 100Mbps but the project will take until 2020 to complete.

### We are talking here about fibre speed; not that dreaded word broadband

Elfed Thomas, H2O

While BT has pledged to provide all new housing estates in the UK with fibre connections it has not yet made clear its plans for existing homes.

The current telecommunications system was never designed to carry data and many have called for an urgent fibre upgrade.

BT has argued that with costs of up to £15bn to roll out such a network it needs to be convinced of demand and have assurances from the government that it will be able to recoup its investment.

At the end of last year, Virgin Media announced that it would be upgrading its entire cable network - which covers half of UK homes - to provide speeds of up to 50Mbps (megabits per second) and this is expected to begin towards the end of this year and be completed in 2009.

London-based firm Geo, which also offers fibre via the sewers, serves mainly businesses but also leases its fibre to consumer providers such as Tiscali and Carphone Warehouse.

### **Broadband caution**

Antony Walker, head of the UK's Broadband Stakeholder's Group, cautioned that the H2O scheme could not create a fibred Britain alone. "There are clearly benefits to using the sewers and this fibre deployment is good news but it is only a small piece of the jigsaw," he said.

The burgeoning fibre market is going to be a tough one for providers, according to Ian Fogg, an analyst with JupiterResearch.

"An optimistic view is that they will need penetration rates of between 15 and 20% of households in a particular area and with so many providers offering services that makes the business case very challenging," he said.

Mr Thomas of H2O is confident that its mega-fast service will have instant appeal for consumers and is pleased to be the first to offer such high speeds.

"We are talking here about fibre speed; not that dreaded word broadband," he said.

The service will be delivered to individual homes via a four-inch box attached to the house.

It will also serve local businesses and council services.

Bournemouth, Northampton and Dundee have been selected because H2O has already installed its fibre service to local council buildings.

The fact that the sewer-based fibre takes advantage of existing ducting means there is no need for expensive and disruptive road digging, making the system faster and cheaper to deliver.

"While deploying traditional fibre over a two-kilometre area would be six to 12 months in the planning. We can do it in four hours," said Mr Thomas.

Mr Thomas said the sewers solution was a lot cheaper than the conventional route of digging up roads.

"An average town of 75,000 homes would cost someone deploying traditional fibre between £50m and £70m. We can do it for 20 to 30% of that," said Mr Thomas.

H2O said it is in "advanced talks" with media partners and internet service providers who will offer the service to consumers. The first of these partners is due to be announced next month.

Roll-out in the chosen town will begin in September and take 18 months to complete.

Mr Thomas hopes to add another 14 towns over the next five years.

Story from BBC news



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## BT Fails to Meet Deadline

The telecoms giant had hoped to complete the ambitious project by 2010, but it has been forced to push the deadline back by a year.

It is understood to have transferred so far only a fraction of the 350,000 lines in Wales that it planned to move to the new network by the end of this summer.

Rivals said that the problems were the result of BT being overly bullish about the highly complicated project, the first of its kind in the world. Questions have also been raised about whether the group placed too much focus on securing the cheapest possible deals with suppliers.

In 2005, BT spurned Marconi, a long-standing supplier that had hoped to seize a significant part of the work, and instead picked suppliers such as Huawei, a Chinese telecoms equipment giant, Fujitsu, of Japan, and Lucent, of the United States. The failure of Marconi to win a share of the contract was blamed for the demise of the business and its sale to Ericsson.

Marconi complained at the time that it had been unable to meet BT's commercial requirements and that if it had reduced its prices any further it would have been unable to make a return.

BT could seek to win damages from some of its suppliers to the project's delay, according to some industry insiders.

The new network - known as 21CN - was announced with much fanfare in 2004. BT said that it would allow the group to offer customers a plethora of new services, which could be launched much faster than on the existing network. The network, which will be based on broadband, was also intended to generate considerable savings for BT by significantly simplifying operations. BT predicted that the investment would enable it to deliver cash savings of £1 billion per year by 2008-09.

BT refused to confirm if it was still on track to meet that target, although it is known that savings that BT has made in other areas of its business have been redirected to the 21CN project. An update is expected when BT announces third-quarter results next month.

A spokesman for BT confirmed that the project's completion deadline had moved to 2011. He said: "We are making good progress in some areas whilst other areas are more challenging, as you might expect with a programme of this scale."

The spokesman said that the telecoms group was "comfortable with progress", but refused to provide precise figures on BT's progress in meeting its 350,000-line pilot target. He said only that the number transferred had been "relatively small" in the context of the 30 million lines that need to be switched to complete the

project and that “we had planned to have more customers migrated at this stage”.

*Story from The Times*

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**Recall Notice**

Netgear UK has asked anyone who owns and uses its XE103 85Mb/s powerline Ethernet adaptor to send them back - all 82,000 of the ones that it's sold here and elsewhere in Europe.

The XE103 adaptor allows you to connect networked devices over mains power wiring rather than standard Ethernet cables. They're based on the HomePlug Turbo powerline standard.



Netgear's XE103: 240V version recalled

All well and good, but Netgear this month admitted there's a possibility that one of the adaptor's chips can break down. That would not only stop the unit from working, which is bad enough, but could also cause it to overheat and, potentially, cause a fire.

That said, Netgear hasn't come across any instance where this has happened, and it described the recall as a precautionary measure.

The problem only affects versions of the XE103 that operate 220-240V power lines. Countries that use 100-120V power, such as the US, are not affected by the recall.

If you have a 240V XE103, Netgear recommends that you stop using it. It's [posted a web page](https://my.netgear.com/myNETGEAR/checkxe103.asp) (<https://my.netgear.com/myNETGEAR/checkxe103.asp>) on which you can check your units' serial numbers to see if they're covered by the recall. If they are, you'll find details on how to get them replaced.

*Story from The Register*



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## BT Charges More to Talk

TELECOMS giant BT caused outrage last week when it announced its first line-rental increase in two years.

An estimated 9m customers who receive their bills by paper will see the charge go up by 75p a month to £11.75.

The new rate will take effect from April and will net the firm an estimated £80m, according to comparison firm Uswitch.

It is the second blow for customers who prefer paper bills. Last year BT introduced a £4.50 charge for customers not paying by direct debit and now faces challenges in the small-claims courts from unhappy customers.

Those on a paperless billing service will see no change to their rates. They already get a discount on their line rental, and this will increase from 75p to £1.25 to offset the higher charge.

In addition, BT Option 1 and 2 customers will see daytime and evening call charges rise. The price of daytime calls will rise from 3.25p a minute to 4p.

Customers on BT Together Option 1 will also be charged 1.5p per minute for evening calls instead of the current 4.5p per hour – a 1,900% increase for a one-hour call.

However, the 4m customers on the Option 2 and 3 tariffs will see their monthly subscription cut by up to 25%.

About 10.8m BT Option 1 customers have also been granted free weekend calls for the first time.

If Option 1 customers take a 12-month contract, they will also get free evening calls, saving them about £32 a year, said BT.

Steve Weller at Uswitch said: "Today's announcement signals BT's intention to drive customers onto its inclusive calling plans. BT is giving the 10.8m Option 1 customers the sweetener of free calls at the weekend, but whether this will be enough to pacify them when they open their April phone bill remains to be seen."

The move is part of a complete overhaul of prices for the spring. The Option 1 plan will be replaced by the Unlimited weekend plan. BT Together Option 2, which currently costs £3.45 on top of line rental, will be replaced by the Unlimited Evening & Weekend Plan, which offers free calls at weekends and evenings, for £2.70 a month.

The Together Option 3 plan which now costs £7.95, will be replaced by The Unlimited Anytime Plan for a reduced price of £5.95 a month.

A recent report from Ofcom, the telecoms regulator, estimated that a typical basket of fixed-line calls had fallen in price by 30% since 2002 and that fixed-line prices were now lower in Britain than in France, Germany, Italy and America.

*Story from The Times*