

## Takeaways from RSA Conference 2017–Day 1



- 1) This week, the Fung Global Retail & Technology team is attending RSA Conference 2017 in San Francisco. The conference is focused on cryptography and information security.
- 2) The first keynote speaker at the event cited the butterfly effect to stress that small changes can have big, unexpected outcomes. Therefore, enterprises need to contemplate risk scientifically, he said, and make the necessary plans and allocate the necessary resources to deal with it effectively.
- 3) Microsoft’s President noted the emergency presented by state-sponsored cyberattacks during the past 12 months, commenting that “cyberspace is the new battlefield.” He called for an international accord, like the Geneva Convention, to set the ground rules for international cyberwarfare.
- 4) One speaker issued a call to action to attendees to help ensure that the large number of nodes in the Internet of Things (IoT) are not co-opted into a network to be used for hacking or criminal purposes.
- 5) To combat menaces such as ransomware and botnets, the speakers generally advocated openness and collaboration within the industry and with government.
- 6) The Fung Global Retail & Technology team will continue to report on key points and information presented during the rest of the conference.

### About the RSA Conference

The conference started in 1991 as a meeting for cryptographers. It was renamed the RSA Data Security Conference in 1993, after the leading computer network and security company RSA (which was named after the initials of its founders). In 2006, the company was acquired by EMC Corporation, which was subsequently acquired by Dell Technologies in 2016.

More than 45,000 attendees visit the annual conference, which features keynote addresses and seminars. The event runs for four days and its exhibits fill San Francisco’s Moscone Center.

Our notes from selected keynote and other addresses and seminars follow.

**Keynote: “Planning for Chaos,” Dr. Zulfikar Ramzan, Chief Technology Officer, RSA**

Dr. Zulfikar Ramzan’s remarks centered on the butterfly effect in chaos theory, i.e., the idea that the fluttering of the wings of a butterfly in one part of the world could initiate cataclysmic chaos in another part of the world. Ramzan made the following points:



- Unexpected events can have large consequences. Ramzan cited examples such as the alleged Russian hacking affecting the US presidential election and the earthquake in Fukushima, Japan, raising the global price of automobiles.
- Businesses need to treat risk as a science, not as an art.
- Businesses also need to plan for the chaos they cannot control. They need to allocate budgets and make resources available to deal with chaotic events.
- In a crisis, collaboration is essential: IT, finance, legal, and sales and marketing teams all play critical roles.

After finishing his address, Ramzan was joined onstage by Dell founder and CEO of Dell Technologies, Michael Dell, to launch the conference.

**Keynote: “Protecting and Defending Against Cyberthreats in Uncertain Times,” Brad Smith, President and Chief Legal Officer, Microsoft**



Microsoft President Brad Smith noted that there has been a dramatic increase in the number of cyberattacks launched by nation-states over the last 12 months. “Cyberspace is the new battlefield,” he said.

To combat cyberattacks led by nation-states, Smith said that industry players each need to do more, as well as call on their governments for help and act collectively.

Smith called for an international agreement, similar to the Fourth Geneva Convention in 1949, to lay the ground rules for nation-based cyberattacks. He lauded a 2015 agreement between the US and China that was subsequently endorsed by the G20.

Finally, Smith called for an independent organization that would work similarly to the International Atomic Energy Agency to police government cyberattacks.

**Keynote: “Sweating the Small Stuff on a Global Scale,” Christopher D. Young, SVP and General Manager, Intel Security**



Christopher D. Smith commented that there is a new threat vector in cybersecurity: the weaponization of information. He referred specifically to the billions of nodes and information becoming available through the IoT.

He commented that all cyberattacks begin with a test, and that the first ransomware was tested as early as 1989. Ransomware only took off after the advent of the anonymous bitcoin, Young said.

He noted that there are still many dormant networks of infected computers awaiting instruction, citing the Mirai botnet, which is now being used to recruit drones.

With so many nodes in the IoT, Young said that “the target is now the weapon.” He issued a call to action to attendees, urging them to ensure that the IoT does not become “the Internet of Terrorism.” To do this, open alliances are needed, Young argued.

**Session: “Taking the Offensive—Disrupting Cybercrime,” Mark Hughes, President, BT Security**



Mark Hughes mentioned the ubiquity of cyberhacking, saying “You’ve been breached and know it or you don’t know it.” He also noted the horrors of ransomware and the recent hacking during the US presidential election.

In dark corners of the Internet, botnets can be rented to issue denial-of-service attacks against websites for just for \$5 per hour, he said.

Generally, hackers use inexpensive resources to inflict extensive monetary damage, Hughes noted. He advocated taking the fight to the attacker through poisoning the well and collaborating with law enforcement and outside organizations.



FLASH REPORT

---

**Deborah Weinswig, CPA**

Managing Director  
Fung Global Retail & Technology  
New York: 917.655.6790  
Hong Kong: 852.6119.1779  
China: 86.186.1420.3016  
deborahweinswig@fung1937.com

**John Harmon, CFA**

Senior Analyst

---

**Hong Kong:**

8th Floor, LiFung Tower  
888 Cheung Sha Wan Road, Kowloon  
Hong Kong  
Tel: 852 2300 4406

**London:**

242–246 Marylebone Road  
London, NW1 6JQ  
United Kingdom  
Tel: 44 (0)20 7616 8988

**New York:**

1359 Broadway, 9th Floor  
New York, NY 10018  
Tel: 646 839 7017

**[FungGlobalRetailTech.com](http://FungGlobalRetailTech.com)**