
 TECH TALK

Companies should watch out for Internet threats

More data on the cloud and increased use of mobile devices may spell trouble, experts say

By SHEN JINGTING
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Chinese companies should be more cautious with web threats and cybercrime, as more of their data is being placed on the cloud and an increasing number of mobile devices are being used in the workplace,

researchers said.

Web security problems have disrupted global business operations from time to time. On average, a new cyber threat emerges every second, and every five minutes there could be a hacking case, said Eva Chen, chief executive officer of Japan-based security company Trend Micro Inc.

"More than 90 percent of the world's companies have hidden malicious software in their computers," said Chen at a Beijing security forum in early August. The threats have already resulted in a series of information hacking cases among renowned companies, she pointed out.

In April last year, hackers attacked Sony's PlayStation Network services. The security breach may have compromised personal information, including credit card data, for its 70 million users. Sony estimated a \$171 million loss from the attack.

The most recent case happened with South Korea's No 2 wireless service provider KT Corp. KT said in July that two computer programmers had hacked the personal informa-



HE JINGHUA / FOR CHINA DAILY
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tion of about 8.7 million of its subscribers. The figure was more than half of KT's total service subscription membership of 16 million.

Though China hasn't reported such devastating hacking cases so far, it does not mean that the nation is immune to cybercrime.

Liu Zhengping, senior manager of the marketing department at Trend Micro, said Chinese companies also face severe security challenges, especially as the country catches up with global trends and introduces new technologies and devices.

China surpassed the United States last year to become the world's biggest smartphone market. More than 42 million smartphones were shipped to Chinese retailers in the second quarter, an increase of 199 percent year-on-year. The country

accounted for 27 percent of the world's smartphone shipments during the period, according to a report released by research firm Canalis.

Mobile threats

Smartphones are now an integral part of people's daily lives in China. More white-collar workers are bringing their mobile devices to their workplaces and accessing internal networks.

The number of Chinese people accessing the Internet via mobile devices increased to a record high of 388 million at the end of June, according to a report by the China Internet Network Information Center.

Out of a total number of 538 million Chinese Web users in the first half of the year, about 31 percent access the Internet in their offices.

"I noticed that many people

working in China's banking industry have started to use iPads to process tasks. For example, to make presentations to clients," Liu said.

However, with more personal devices connected to the companies' internal networks, security concerns arise.

"Hackers have targeted those hundreds of thousands of mobile applications. If personal devices play a role in the workplace, then enterprise data is at risk," said Chen.

Cloud data risks

In addition, more Chinese companies are adopting cloud-computing technology nowadays because of its efficiency in resource allocation.

"Data centers have become virtualized, and will eventually be on the cloud," Chen added. She said the move would create

new challenges to companies, and security software companies should follow the situation closely.

"The tasks are likely to be more demanding and complicated. It's not enough to try to protect a castle by simply building a moat around it now," Chen said.

Few Chinese companies have the awareness to protect themselves at the moment.

"The market still needs education. However, in the near future, it will see explosive growth," said Xiang Ligang, a Beijing-based industry expert.

Trend Micro previously said it would invest 80 percent of its resources to research and develop cloud-security products. The company estimated that the annual growth rate of revenue from China could be 10 percent this year.

TECH BYTES

digits

73

percent

The market share of Apple Inc's iPad tablets in the Chinese market in the second quarter of the year, according to domestic research company Analysys International. Apple's sales increased about 20 percent quarter-on-quarter, while Chinese company Lenovo Group's market share was 8.38 percent. Korean brand Samsung had about 3.6 percent of the market, ranking fourth. An analyst at the research firm said that the new iPad's launch boosted Apple sales. Meanwhile, China Unicom, the country's biggest third-generation network carrier, said recently that it will introduce Samsung's P3100 tablet to compete against Apple's products.

1.67

billion dollars

The estimated size of the IT security market in China this year, which increased 13.4 percent year-on-year, said US-based research company IDC. The company's analyst Wang Pei said that since an increasing number of employees are bringing their mobile Internet devices, such as smartphones and tablet PCs, to work, there may be some security issues for employers to deal with, so it's urgent for companies to set up security plans.

voices

“The main business revenues for China's telecommunication industry jumped 9.2 percent year-on-year to reach 517.53 billion yuan (\$82.15 billion) from January to June this year.”

CHINA'S TOP INDUSTRY REGULATOR, THE MINISTRY OF INDUSTRY AND INFORMATION TECHNOLOGY, WAS QUOTED AS SAYING BY XINHUA NEWS AGENCY. THE NUMBER OF PEOPLE SUBSCRIBING TO THIRD-GENERATION MOBILE PHONE SERVICES IN THE COUNTRY INCREASED 47.33 MILLION IN THE FIRST SIX MONTHS OF THE YEAR, ACCORDING TO THE MINISTRY'S DATA. BY THE END OF JUNE, THE TOTAL NUMBER OF 3G SUBSCRIBERS REACHED 176 MILLION.

“Some foreign brands' after-sale clauses are seriously damaging consumer's legal rights, including Apple Inc.”

CHINA CONSUMERS' ASSOCIATION SAID IN A RECENT STATEMENT. THE CONSUMER ASSOCIATION HAS BLAMED APPLE FOR UNFAIR CLAUSES IN POST-SALE SERVICES, WHICH STATE THAT CUSTOMERS HAVE TO AGREE THAT APPLE REPAIRERS UTILIZE USED OR RE-CONDITIONED PARTS TO REPLACE DAMAGED PARTS ON IPHONES OR IPADS. THE COMPANY'S IPAD PRODUCTS LEAD THE COUNTRY'S TABLET PC MARKET WITH A 73 PERCENT MARKET SHARE IN THE SECOND QUARTER OF THIS YEAR.

Logitech eyes enterprise market, looking for new growth drivers

By GAO YUAN
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Swiss hardware accessories maker Logitech International SA is eyeing China's enterprise market to boost sales amid the global economic recession.

"We are looking for fresh growth drivers after years of operation in the consumer market," said Qin Liu, chief executive officer of Logitech China.

Logitech urgently needs its business-to-business arm in China — a new division that was launched this month — to generate profit, and the directors have set a high bar for the division.

"We estimate that sales in the business market could be at least 25 percent of our total revenue three years from now," Liu said.

The move came after Logitech posted lower-than-expected results last month, caused by slowing demand in the consumer market.

On July 25, Logitech said global sales for the first quarter of fiscal year 2013, which started in April, were \$469 million, down 2 percent year-on-year. The net loss for the first quarter was \$52 million compared to \$30 million in the first quarter of the previous fiscal year.

Guerrino De Luca, Logitech's chairman and chief executive officer, admitted that the company is facing a tough time. The most optimistic words that De Luca used at the quarterly conference call were "we are in the middle of our turnaround".

Business-to-consumer technology companies, such as Nokia and Logitech, have suffered losses due to sluggish demand.

"Headquarters expect Logitech China to contribute more to revenue," Liu said.

And because the nation's B2C market is already packed with rivals, the company hopes that China's B2B sector is the market that will drive the turnaround.

The total annual sales of China's enterprise market are expected to hit 2 billion yuan (\$314 million) in the next three years, which is expected to generate large demand for the company, according to Eric Kintz, general manager of Logitech for Business.

Logitech China's B2B sector will not generate more revenue than the better-established B2C sector, but the company is not trying to hide its ambition in the emerging sector.

At this month's MacWorld Asian conference, as all the other accessories makers were trying their best to show off

their gadgets for Apple Inc's products, Logitech spent most of its time introducing its newly created B2B division.

"We surely have high expectations for the new division because of the large demand in China," said Liu.

The growth in the Chinese market remains robust compared to other markets. The country will likely become Logitech's second-largest market this year, surpassing Germany, with most of the revenues generated in the consumer market.

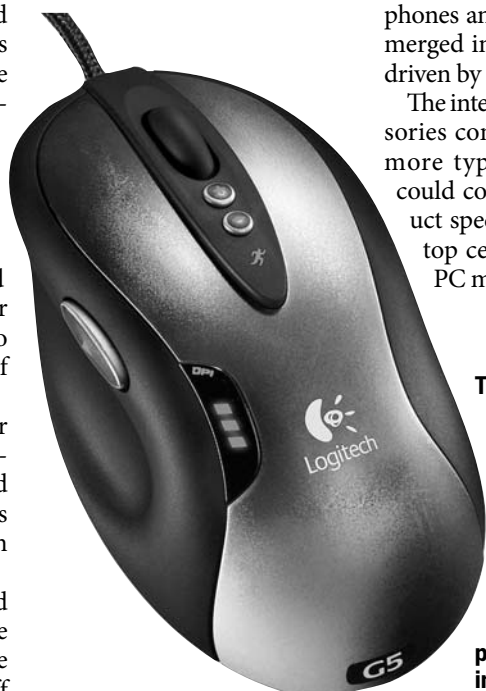
However, Logitech also has to move fast to keep its edge in the B2C sector, the company's major profit driver.

The challenges are obvious in the B2C sector as an increasing number of accessories makers are pouring into the market. Hundreds, if not thousands, of local and overseas gadget and accessories makers are entering the competition.

"The boundaries among the different sectors in the IT industry are not as clear as they were five years ago," Liu said.

Old sectors — such as mobile phones and PCs — have been merged into one big industry driven by innovation.

The integration forced accessories companies to produce more types of gadgets that could cover the entire product spectrum of the world's top cell phone, tablet and PC makers, said Liu.



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The Logitech G5 Laser Mouse has a highly versatile weight-tuning system, enabling gamers to customize the weight and balance of the mouse according to individual preference, resulting in superior control.

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