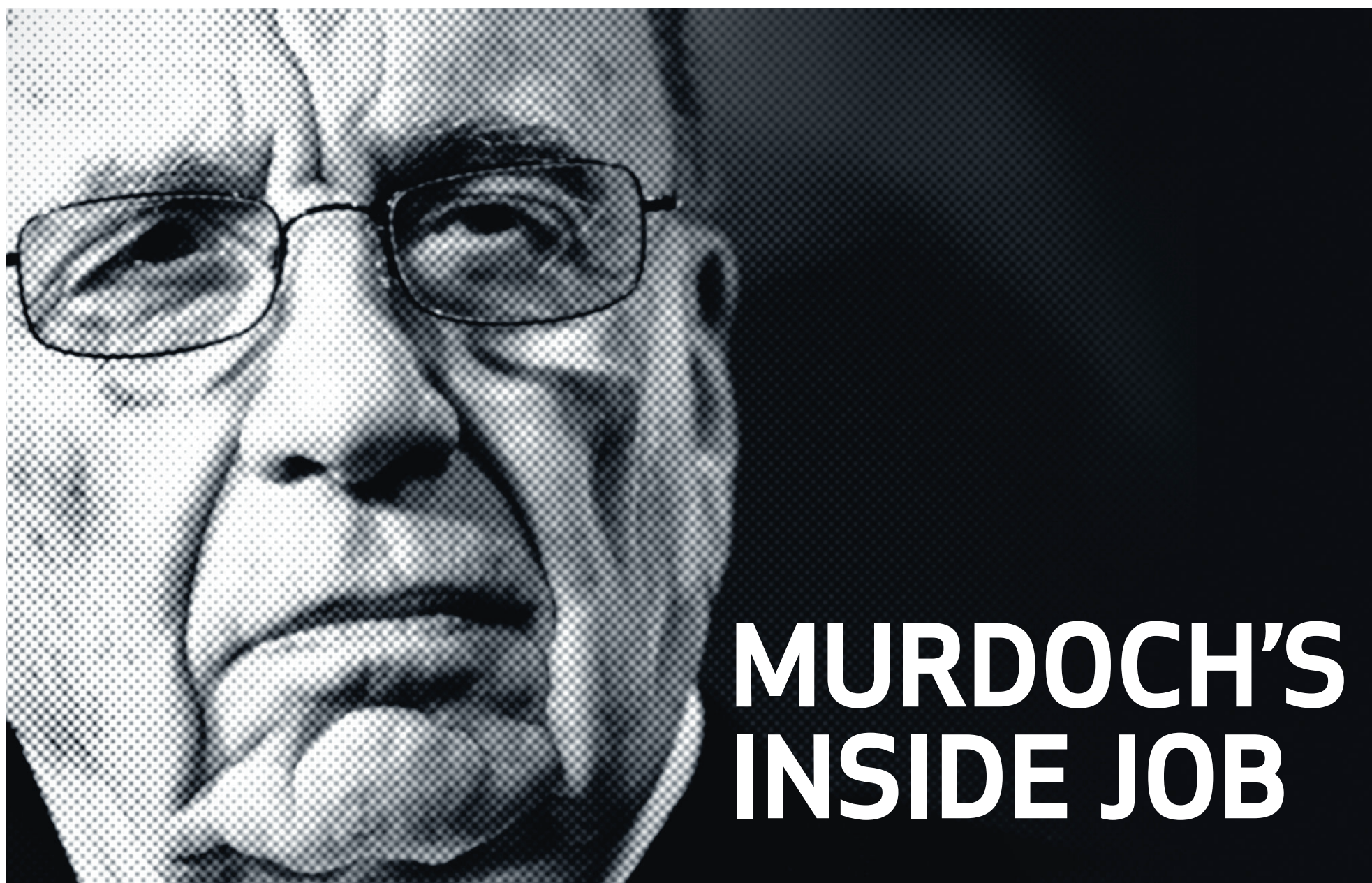


Perspective



When corporations start hiring former spies and intelligence officers in the fight against cyber crime, their culture changes – with dramatic consequences.

Neil Chenoweth

It was a game, and they played it across continents.

From Latin America, the United States and Canada, across Europe and Asia down to Australian and New Zealand. In every country, in every market, it was game on.

They were on a mission and they had no rules – or rather, no one to call them to account.

They were undercover. They would use funny code names and false money trails, secret informants, “honey pots” and deep cover agents.

They spoke of “burning” the people they targeted. They called them “flammable”.

They had scorn for everybody who stood in their way and they expressed that scorn freely in encrypted emails to each other, secure that no one from outside their tight group would ever read them.

There was no moral quality to doing this; it was a necessary part of the operation. It was part of the business.

And what was that business?

“It’s not terrorism, it’s not suicide bombing, it’s not weapons of mass destruction,” says Jan Saggiori, a Swiss-Italian hacker who became a target of the underground operatives. “It’s pay television.”

And that raises the billion-dollar question in the global media storm

that has engulfed Rupert Murdoch’s media empire after revelations on Wednesday that a secret unit called Operational Security had promoted piracy of News’s pay TV competitors across the world.

News Corporation is one of the most dynamic, creative and powerful media groups in the world. It employs tens of thousands of gifted, committed professionals whose work is groundbreaking, and often inspiring.

How did a global media giant

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become involved in a high-tech spying scandal?

In 1999, the year James Cameron was winning Oscars for *Titanic*, which made so much money for News, how did the Murdoch empire come to be running a private security force with an annual budget between \$5 million and \$10 million?

At the heart of the drama that is playing out is the modern world’s desperate need for security.

Our bank accounts, our personal details, our communications – a great part of our life, is stored as data. To protect it, the data must be encrypted, often with microchips

mounted on smartcards. Our secrets must be safe.

That’s why the figure of the hacker is so threatening. Whether it is Julian Assange or online groups such as Anonymous or Lulzsec, the appearance of the hacker is the signal for deployment of investigators, of security firms, specialist police units and intelligence agencies.

But what happens when it isn’t a government calling in the spooks? What happens when it is a

company that goes into the intelligence business?

The short answer is that hiring former spies and intelligence officers changes the culture of a corporation.

And that’s what seemed to happen at News Corporation and its problem child, NDS.

The chain of events is dramatically illustrated in an archive of emails that came from the computer hard drive of a senior NDS executive. The *Financial Review* has obtained 14,400 of the emails, many of which have been published through our website afr.com.

The development within NDS parallels the way excessive use of private investigators changed the culture of the newspapers at News International that used them, the *News of the World* and *The Sun*.

NDS was an accident of history. In February 1998 an Australian technology consultant, Bruce Hundertmark, badgered Murdoch into shelling out \$3.6 million to found a start-up company in Israel called News Datacom Research, based on encryption technology developed by the Weizmann Institute, which took a 20 per cent stake. (The details of the early history are airbrushed out of many accounts).

Seven months later, after blithely deciding to launch Sky Television in the UK, Murdoch realised that he needed to encrypt the broadcast stream.

It’s called conditional access. You can access the programming and watch the moving pictures only on the condition you have paid for it. Otherwise pay TV companies would go broke.

A handful of technology companies around the world provide conditional access services – including Nagra in Switzerland, Viaccess and Canal Plus Technologies in France (later sold to Nagra) and Irdeto in South Africa and the Netherlands. They all use smartcards with microchips on

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