



November 05, 2013

More Kinds of Corporate Spies Target More Kinds of Trade Secrets

by Jim Randle



FILE -A U.S. Navy F/A-18 Super Hornet.

Efforts to steal trade secrets from U.S. companies continue at a high level and are hitting new targets, in spite of major efforts to stop such industrial espionage. Losing trade secrets hurts the economy by discouraging investments in the research critical to growth. Some new players are getting into the fray, and the attacks hit a huge variety of businesses from high tech to high fashion.

Plans for a fighter jet are an obvious target for corporate and other kinds of spies, but experts say industrial espionage also has been aimed at high fashion designers and toymakers, innovative steel makers, food and beverage companies, clean energy research and wind turbine makers. Corporate spies also are seeking information about the management practices that guide successful businesses.

Mandiant corporate security expert Laura Galante says a growing number of companies think security breaches are becoming inevitable.

"2013 was kind of an inflection point for cyber threats and our industry, the cyber security industry, because so many new types of companies were interested in understanding the threat that was their next headache," said Galante.

She says some relatively new players have attacked Western media companies and banks. The cyberattacks on economic targets are apparently intended to advance political interests of forces in Syria and Iran.

A former federal prosecutor who took many cases of industrial and economic espionage to trial says China is making the most attempts to steal company secrets. But Peter Toren of the law firm Weisbrod Matteis & Copley says many nations are active in this area.

"I would guess that all of the western European nations are doing it, Russia; Israel is doing it," said Toren.

University of New Haven business Professor George Haley says French spies sought new targets at the end of the cold war. He spoke via Skype.

"After the fall of the Soviet Union, they had moved their espionage efforts from primarily political espionage to industrial espionage, to benefit French companies. So France is definitely there," said Haley.

Experts say companies can spend millions of dollars and years of work creating a better computer program, a lighter and stronger kind of steel or other product. If another company steals that research, the thief can then create a competing product at a far lower cost and gain a price advantage in the market.

The author of the book "Restoring Our American Dream," Michael Farr, says industrial espionage also destroys trust and hurts the economy. Farr is an investment advisor and says without trust, businesses will not take the risks and make the investments needed to create a growing economy and new jobs.

"If you really don't trust me and I really don't trust you, we could be faced with the best opportunity that we could jointly pursue and we both would back away from it. So trust is really essential," said Farr.

Peter Toren says companies can protect themselves by making it clear to employees that the company's prosperity - and their jobs - depend on keeping their technological advantage.

He says defenses include training that keeps up with the evolving threats, and creating a corporate culture that takes cyber and other security issues seriously.

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