

# The Required Wisdom of Crowds This War Will Not Be Won Alone









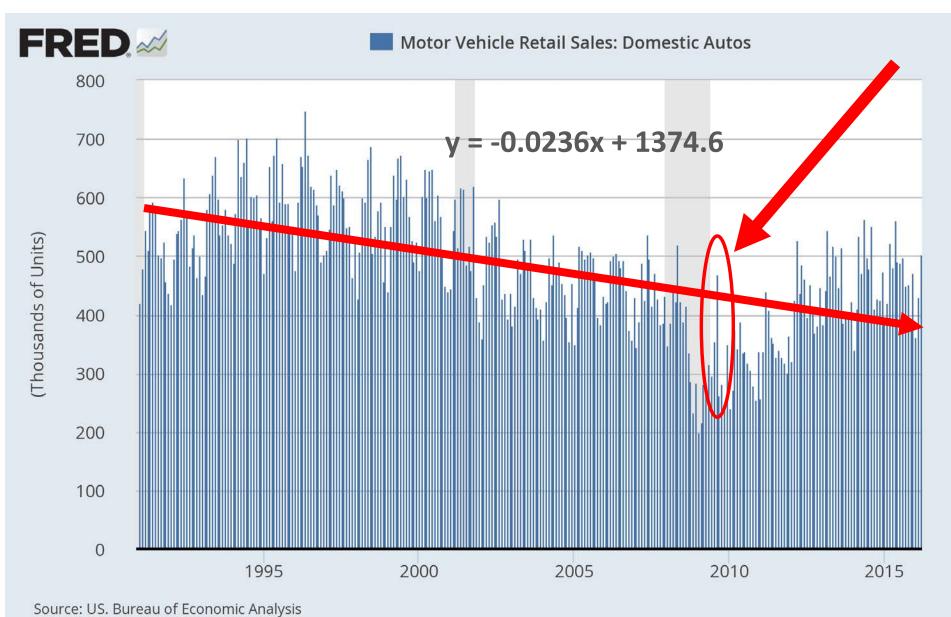
August 17, 2016

#### **Strength in Numbers**

- A faked economic "recovery" has set the stage for a double whammy: increased attacks against pressured IT budgets
- On top of that, many, if not most security products fail to deliver leading to a false sense of security and wasted assets
- Therefore, a new approach is required to have any shot at winning the war and the sharing of information, best practices will emerge as a critical part of any successful strategy

The Economic "Recovery" and the unintended consequences of sustaining the ruse

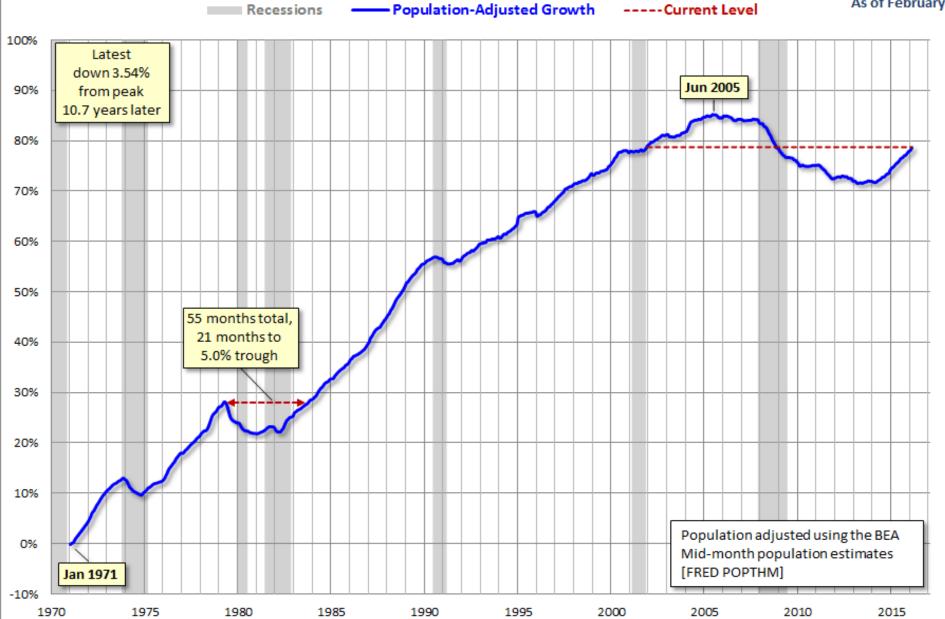
# **CARS FOR ALL!**





#### **Estimated Vehicle Miles Traveled on All Roads**

dshort.com April 2016 As of February



## **HOMES FOR ALL!**

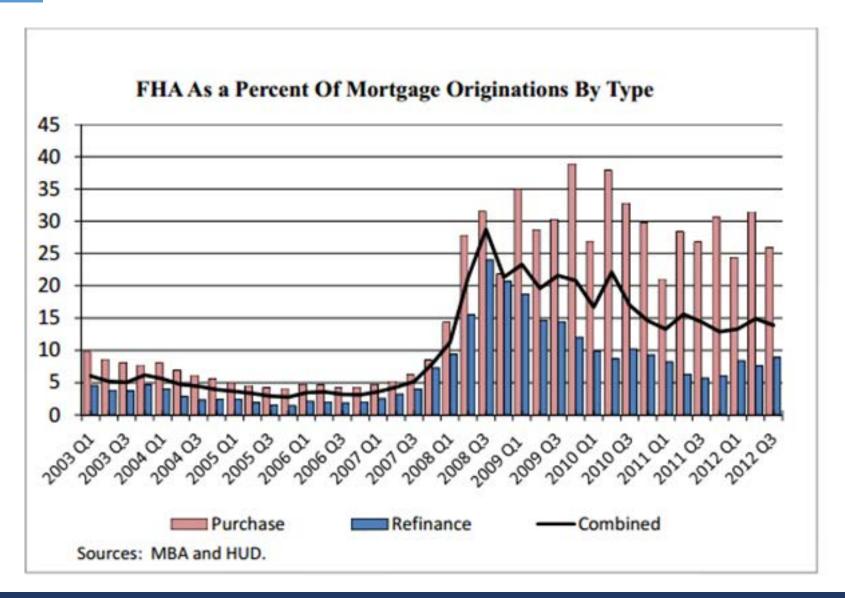








## We Are The Lenders...





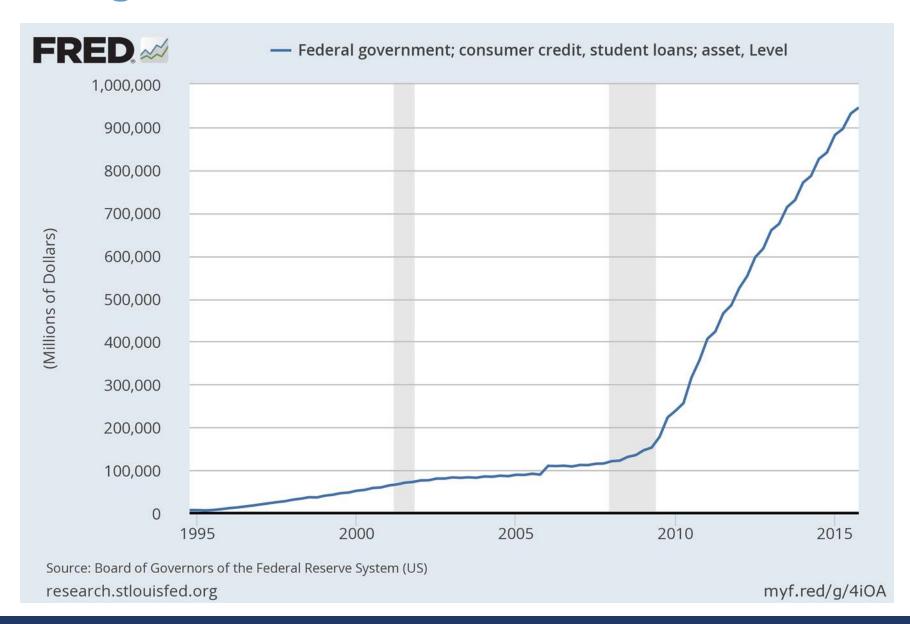
#### **How'd That Work Out?**

#### In Decline

Homeownership rate, seasonally adjusted

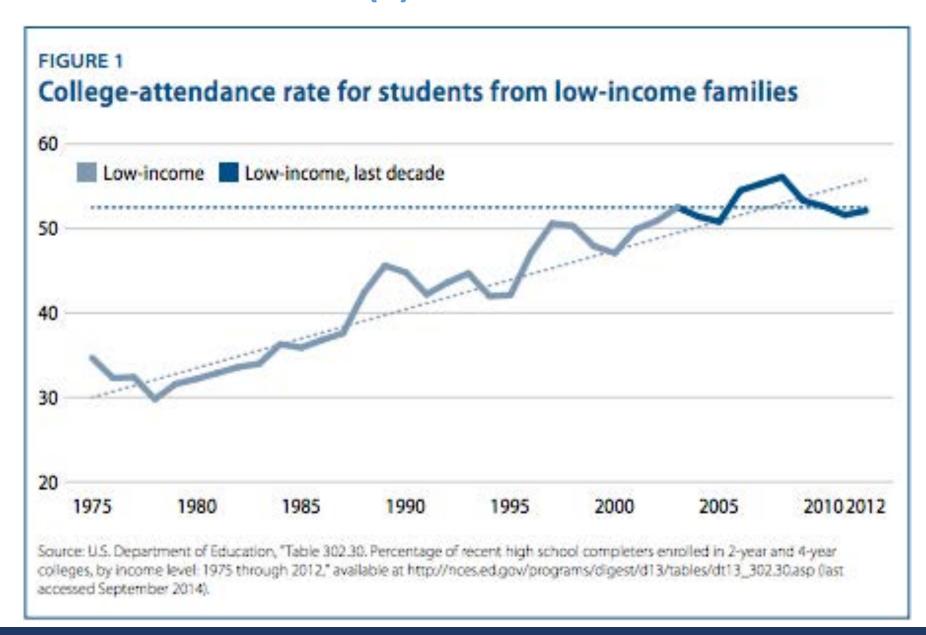


## **College For All!!!**

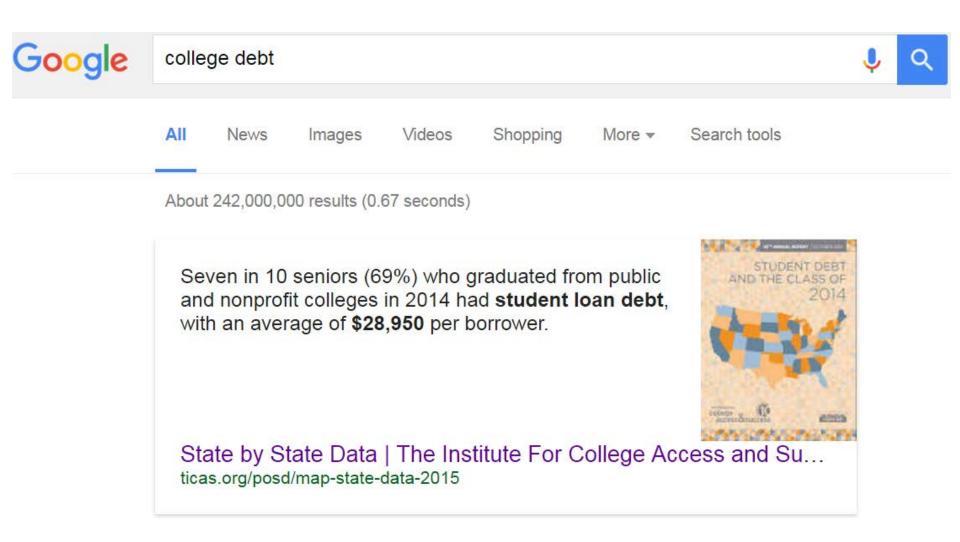




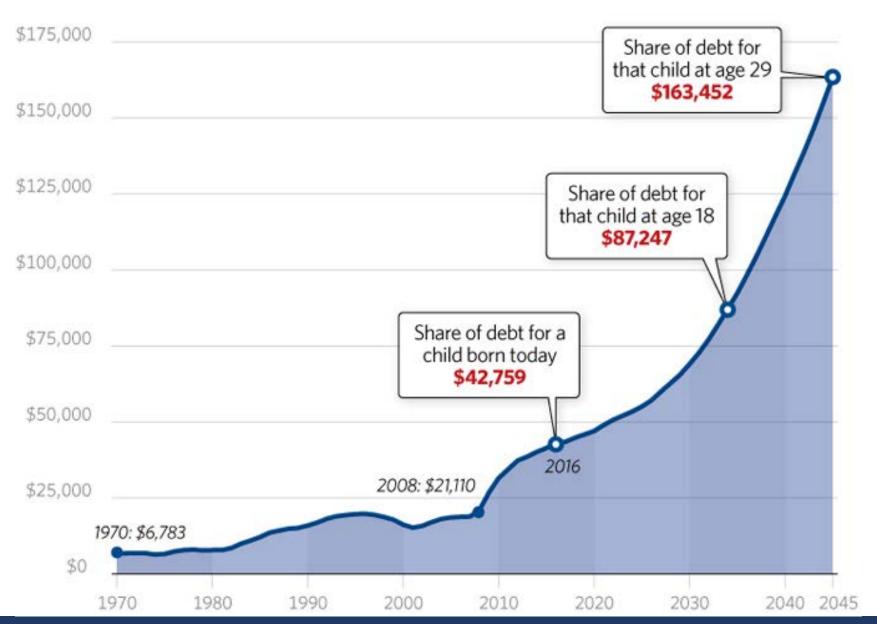
#### **COLLEGE FOR ALL!!!(?)**



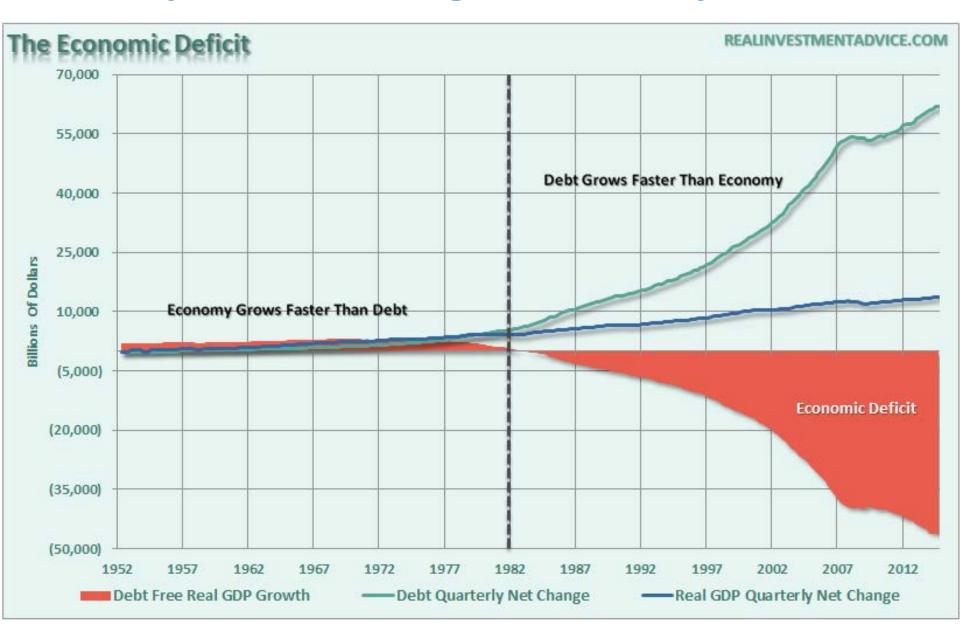
### Here's Your Diploma and \$30,000 Loan Docs



#### The US Govt Bill For All The Programs...

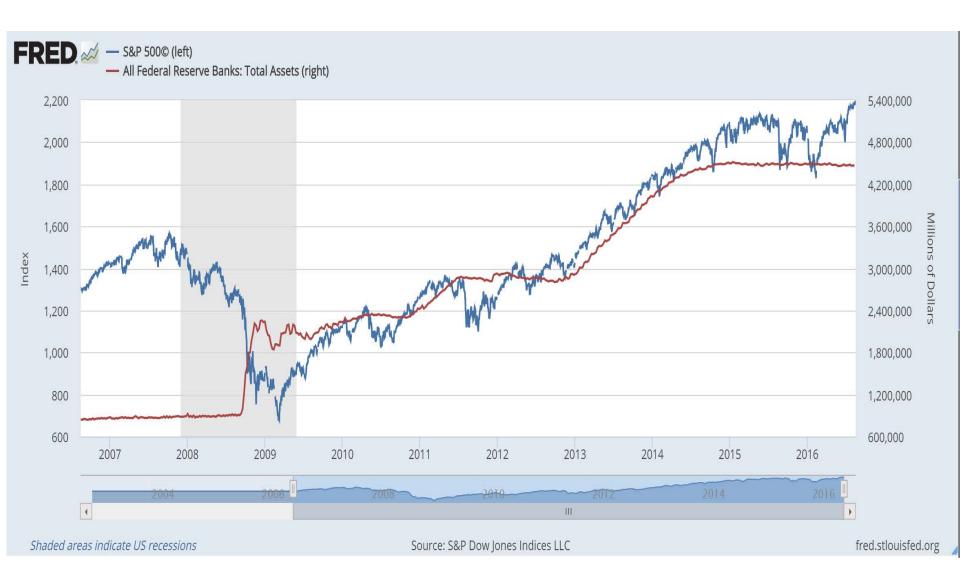


#### **But They Are Stimulating The Economy!!**





#### **The Ultimate Ruse**





# **SO WHAT???**

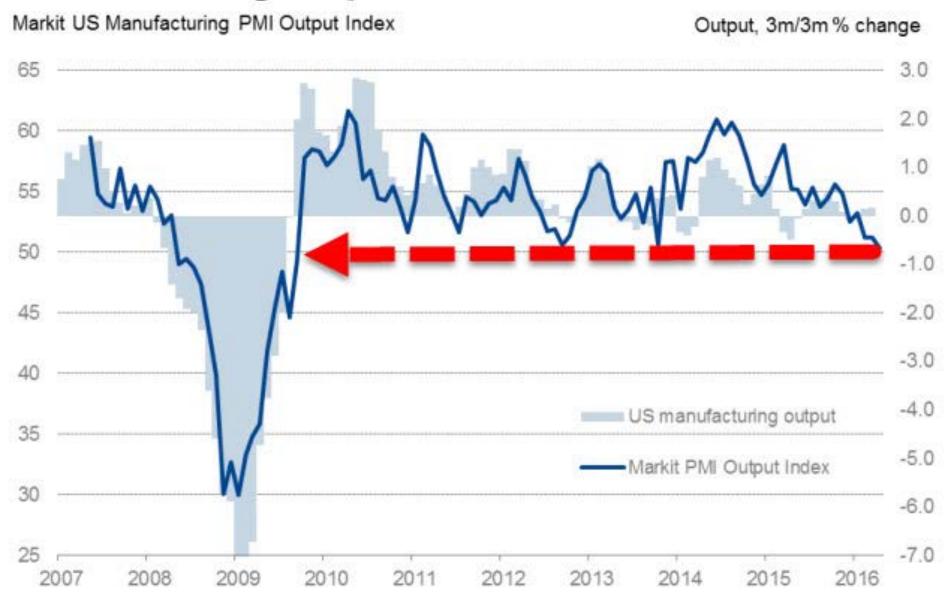


# NONE OF IT HAS WORKED





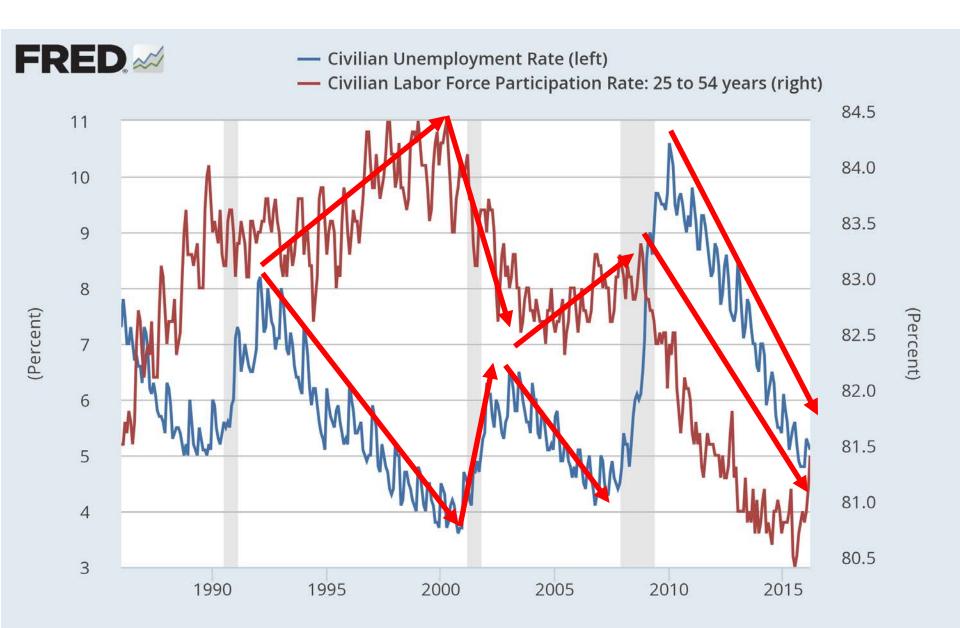
## Manufacturing output



#### **Jobs Anyone?**



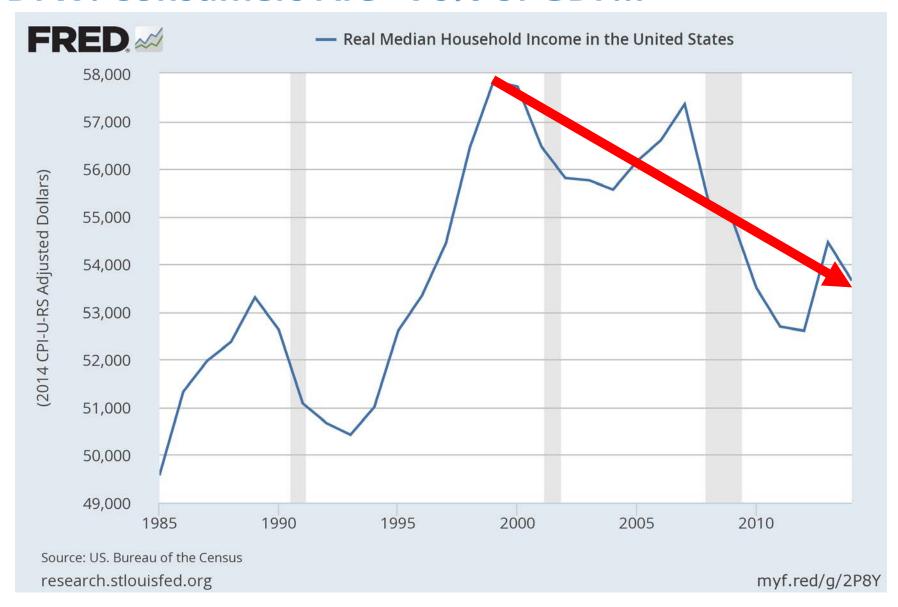




research.stlouisfed.org

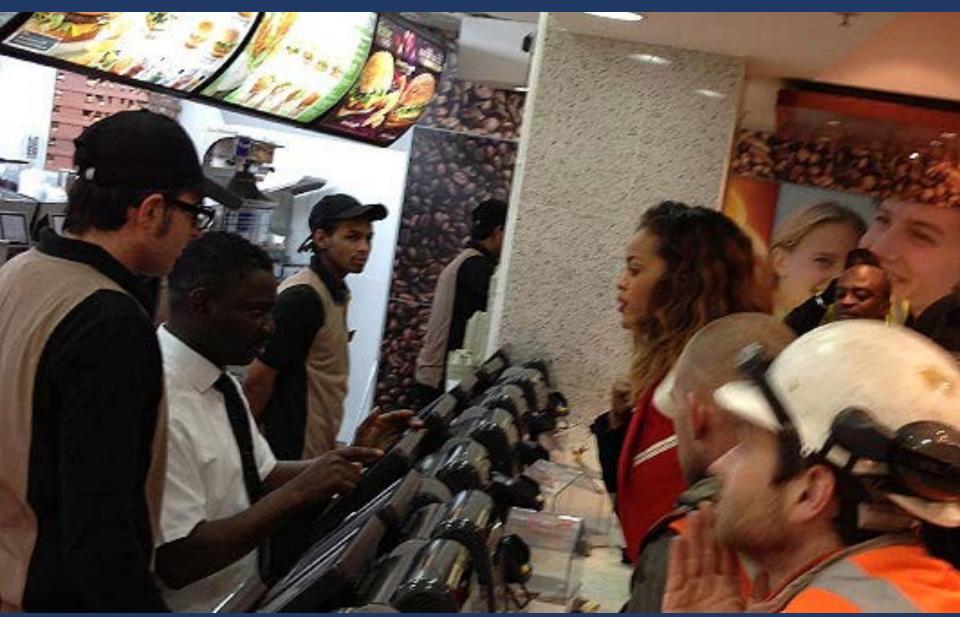
myf.red/g/4lK5

#### BTW: Consumers Are ~70% of GDP...





## It Used To Be This



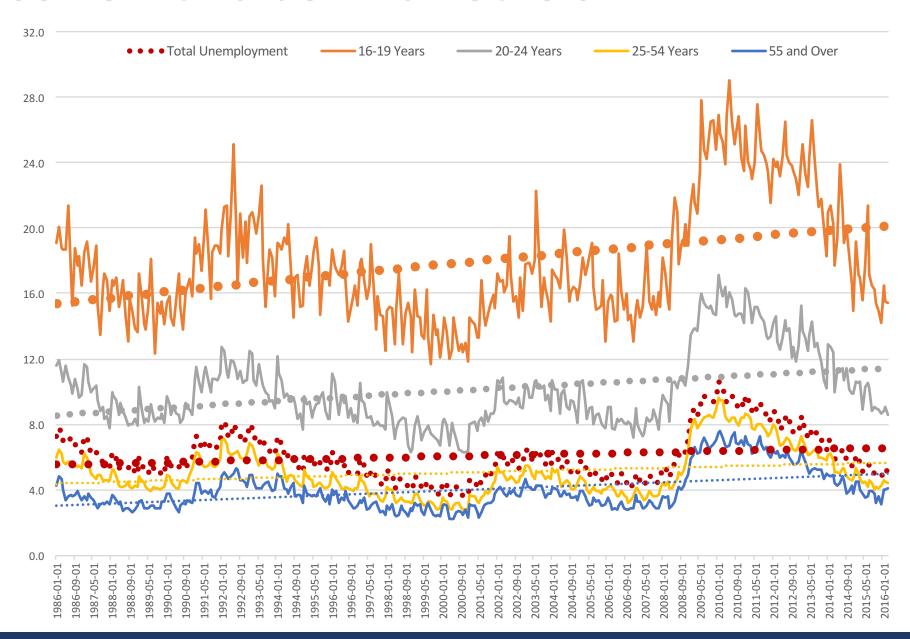


#### **But Now It Is This**





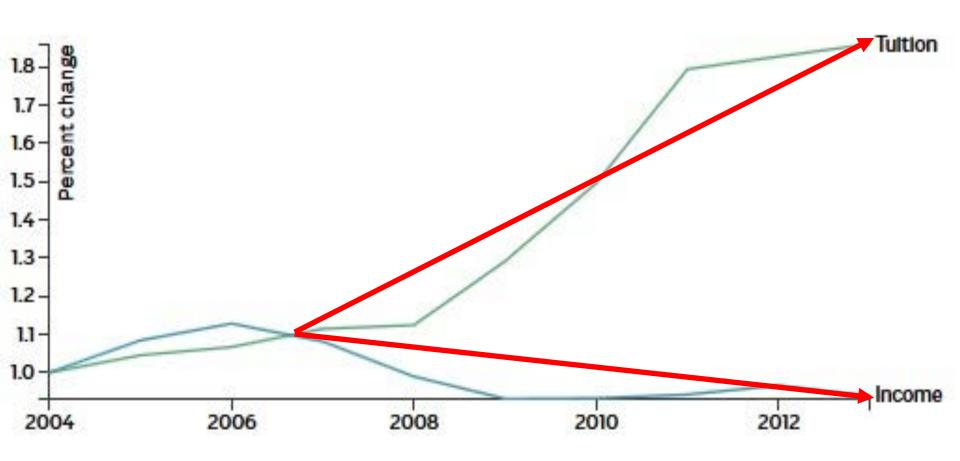
#### **Some Hit Harder Than Others**



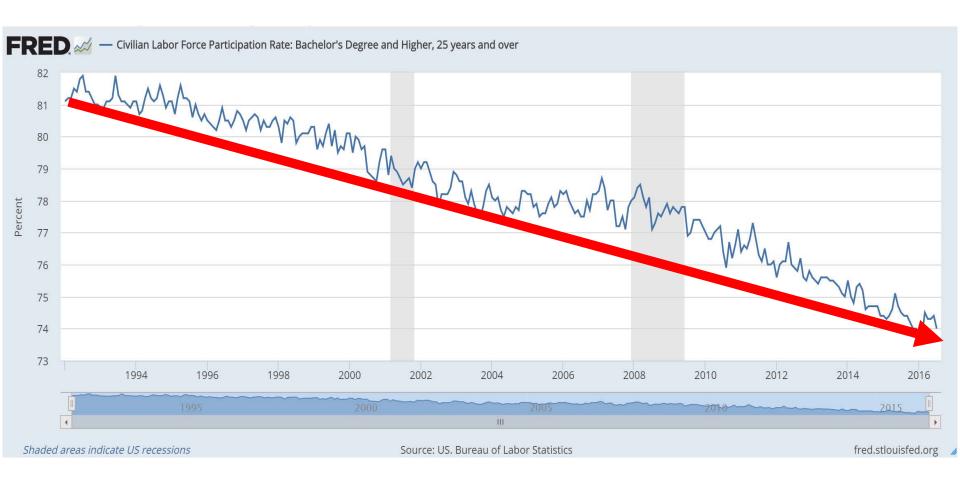


## Revenue Vs. Expenses

This does not equate

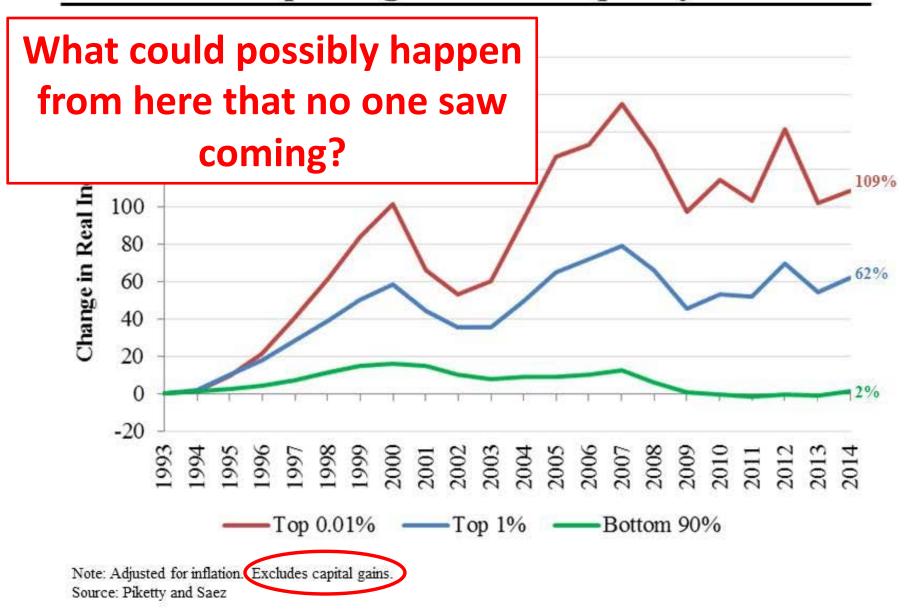


#### ROI?





#### **Exploding Income Inequality**





# THIS Could Happen

People feeling the pinch will vote for change

Even if that change is not going to work...



What does this have to do with cyber security?

# Everything.



No job, too much debt...

Somebody's got to PAY...

Michael Curry @mcurryfelidae07 · 2h

Remember: Mike Brown was assaulted & murdered by an officer \*because\* he was jaywalking. #pumpkinfest #WhitePrivilege

♣ Reply 13 Retweet ★ Favorite

Keene, NH
Not
Ferguson...
Milwaukee...

# Why Take On This?





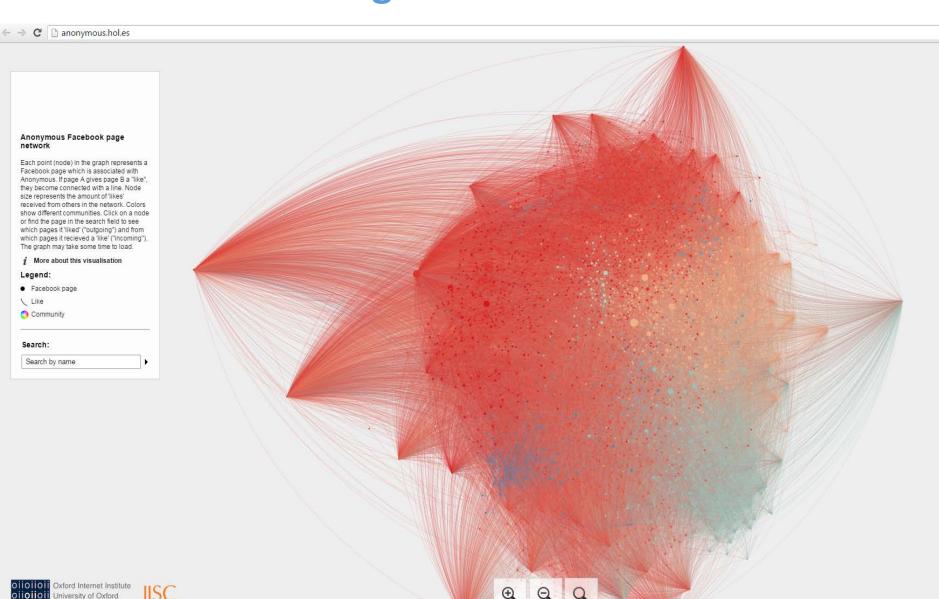
# When you can do this?

From the Comfort of Your Favorite Coffee Shop





### Think You're Dealing With a Few Geeks?





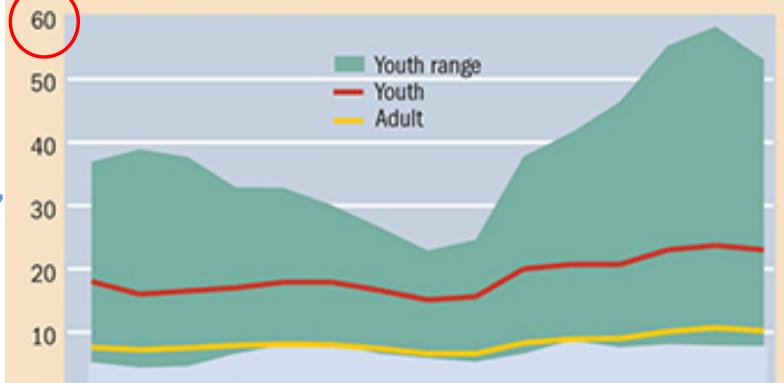
#### A bleak picture

(unemployment rate, percent)

Youth unemployment in Europe runs about double that for adults; in some countries half the youth are jobless.

Not Just Here...

"in some countries, half the youth are jobless"



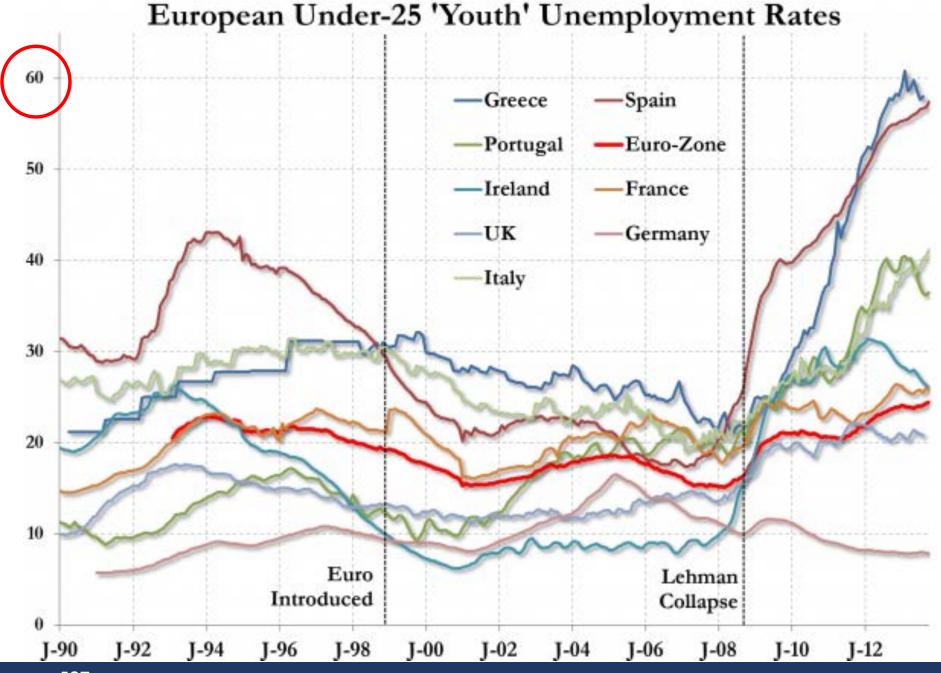
Sources: Eurostat; and IMF staff calculations.

Note: Shading shows the range of youth unemployment rates in euro area countries.

06

08

10



#### **The Cyber Toupee**

When \$80 Billion is not enough...

• Dan Geer, Peter Kuper

(\$170 Billion Should Definitely Do it)

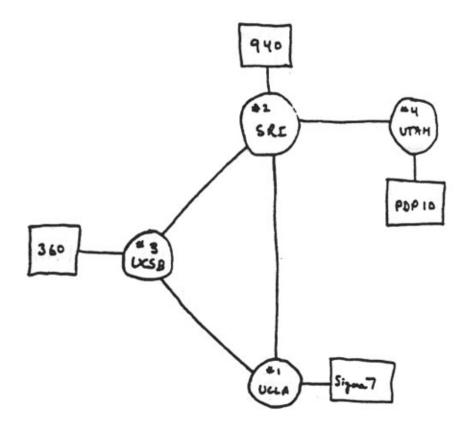


The inherent openness of the Internet has created a problem we can not currently solve

#### From This...

Let's Share a Few Files!

Led to this...

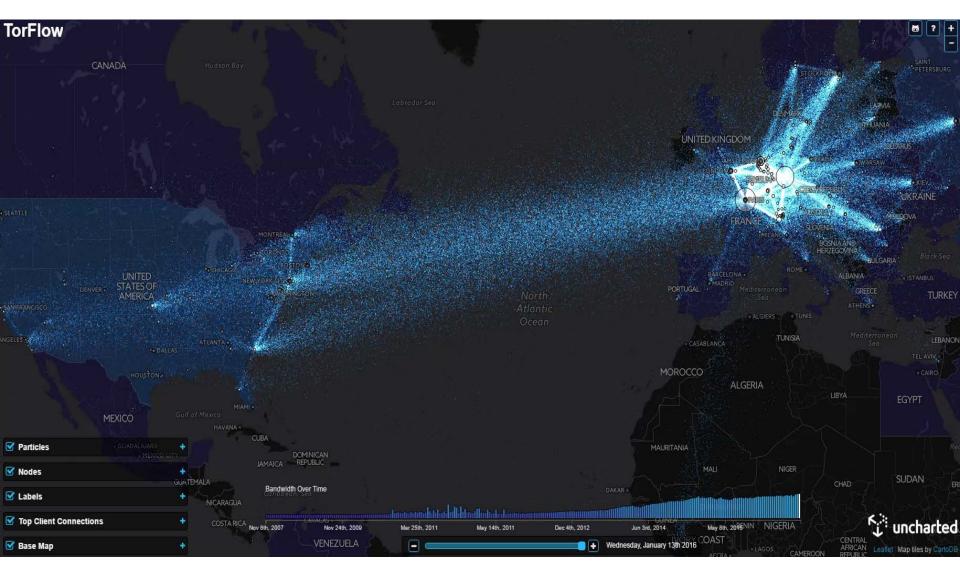


THE ARPA NETWORK

DEC 1969

4 NODES

### **To Defending Against This**





#### \$170BN by 2020? Still Not Enough

Record, Rapid Spend

World-wide Cybersecurity Market (Gartner) CAGR 9,800 \$170E \$75.4B 2020 2015

**Unmitigated Failures** 

















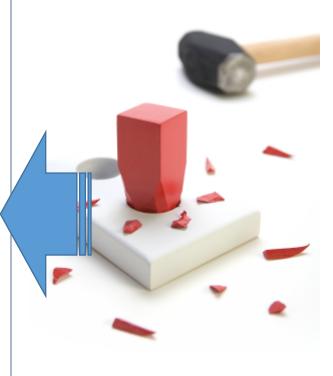








**Legacy Security Approaches** 



#### **An Unrelenting Adversary**

#### AT&T Cybersecurity Insights Report

458% increase in search for IoT vulnerabilities

#### **Dell Security Annual Threat Report**

• Malware attacks doubled to 8.19B

#### IBM X-Force Cyber Security Intelligence Index Report

• 60% of all attacks suffered by IBM customers were carried out by 'insiders'

#### Symantec Internet Security Threat Report

55% increase in spear-phishing campaigns

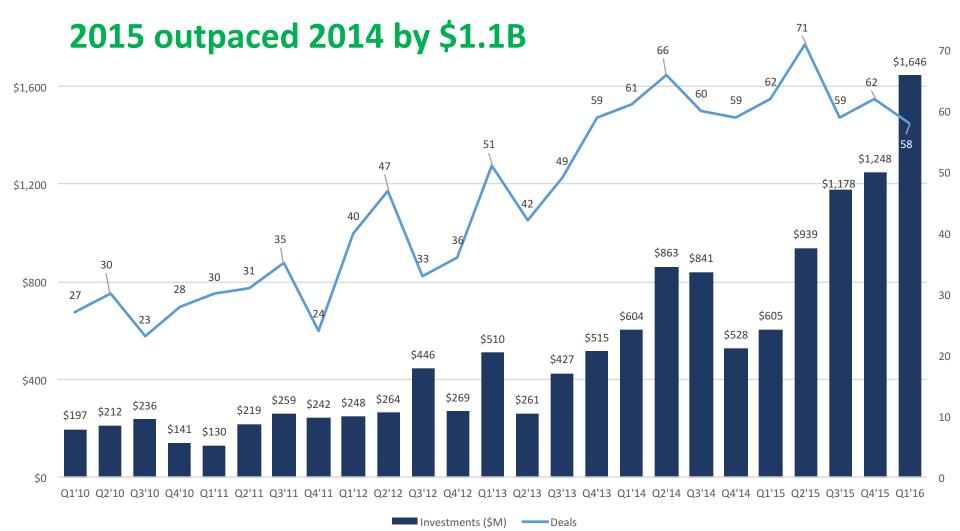
#### Verizon Data Breach Investigation Report

• 89% of all attacks involve financial or espionage motivations



#### **VCs Love Cyber**

\$2,000



Source: CB Insights, Momentum Partners



#### **No Shortage of Choices**





















luniper



RISKIQ

CLOUDFLARE.





websense



















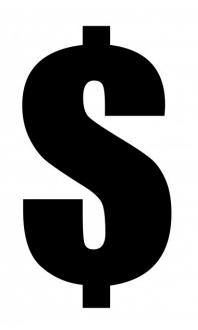




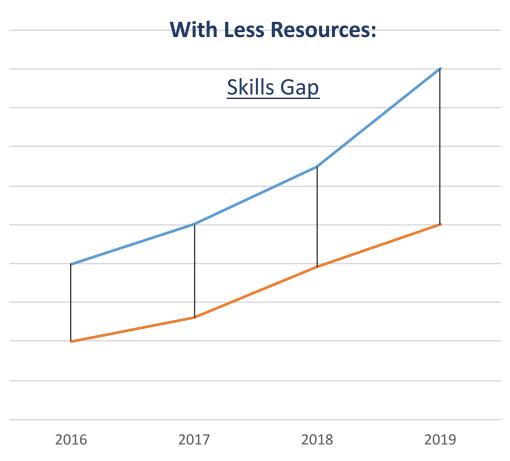
#### **But, Is There Really a Choice?**

#### **Still Getting Owned:**

**Cost of Cybercrime** 



Over \$2 trillion by 2019

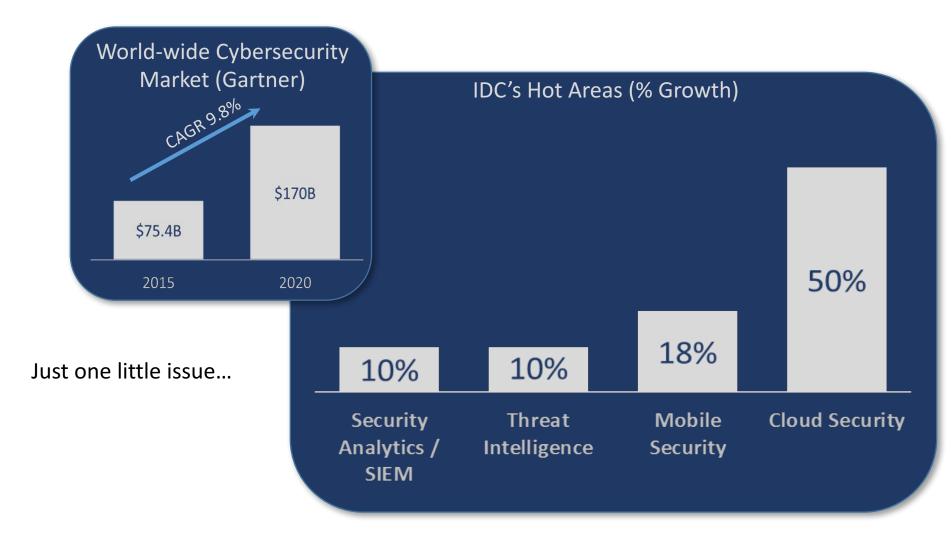


Shortfall by 1.5 million by 2019

- Juniper Research Report 2016



#### **Cyber Spend Highest for Outsourced Services**

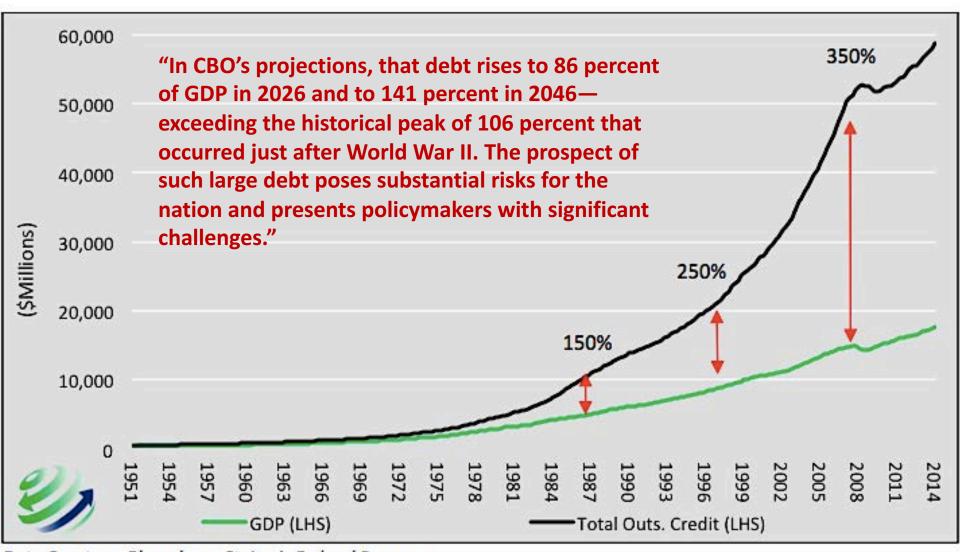


Source: 451 Group, Crunchbase, Momentum Partners



#### And \$ Will Be Harder to Find - Define Unsustainable

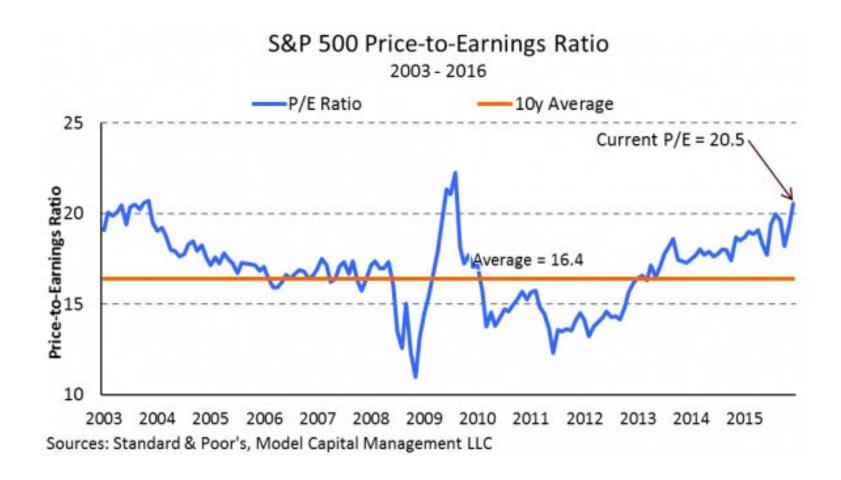
#### Total Domestic Outstanding Credit vs. U.S. GDP



Data Courtesv: Bloombera, St. Louis Federal Reserve

#### **Stock Prices Need EPS to Stay Afloat**

If revenues fall, expenses will too...





#### Meanwhile, Market Catalysts Run Unabated...



Mobile Workforce



**SaaS First** 



Shift to Public & Hybrid Cloud



**Globalization** 



**Agile-Ops** 



**Elastic Scalability** 



**Commoditization** 

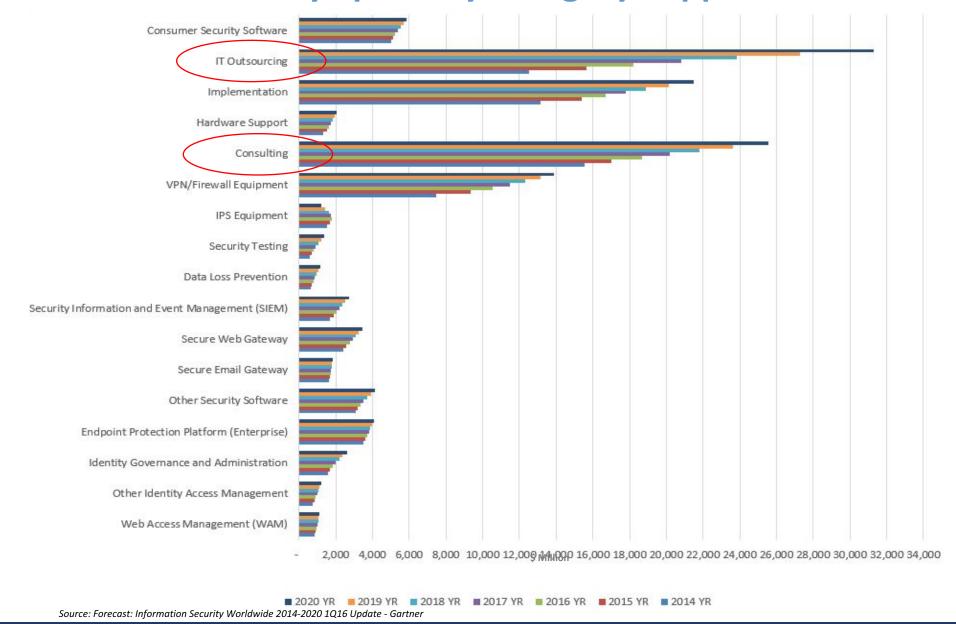


Software Defined Infrastructure

#### While Attacks Evolve, Shift to Exploit Unabashed

- Malware is morphic
  - Signatures are essentially useless here
  - As are sandboxes
- And hundreds of billions of cumulative investment have failed to win the war
- We must incorporate new approaches
  - Outsource
  - Crowdsource
  - Other collective/predictive efforts are severely underutilized

#### Forecast IT Security Spend by Category Supports Our View





# **GAMe Theory: Strength in Numbers**

- Don't Fight Battles, Win the War
  - You are not going to win this alone
  - Don't even bother thinking other wise...
- Strength in critical mass means outsourcing
  - Google, Amazon, Microsoft and others will always have more resources than any one organization
- Defending the real perimeter the ENDPOINT is where the direct efforts should be made
  - Servers, Desktops, Laptops, Tablets, Smartphones are all accessing the data so focus there

#### The GAMe is Already Afoot! (And Years Underway)

#### Google

- Postini \$625MM acquisition 2007
- Virus Total Acquisition 2012
- Google Poaches Sophos CTO Gerhard Eschelbeck (Nov. 2014)

#### Amazon

- Going early stage: part of \$45MM investment in Ionic Security (2016)
- Recent job post: "We dive deep into security technologies such as new authentication systems, hardware security components, cryptography, system hardening, and massive-scale audit analysis."

#### Microsoft

- Billions in cyber acquisitions since 1999
- Microsoft Invested \$1 Billion In 'Holistic' Security Strategy (2015)
- Cyber Defense Operations Center (2016)
- Endpoint Focus Your \$\$ Here...the big guys have BILLIONS elsewhere

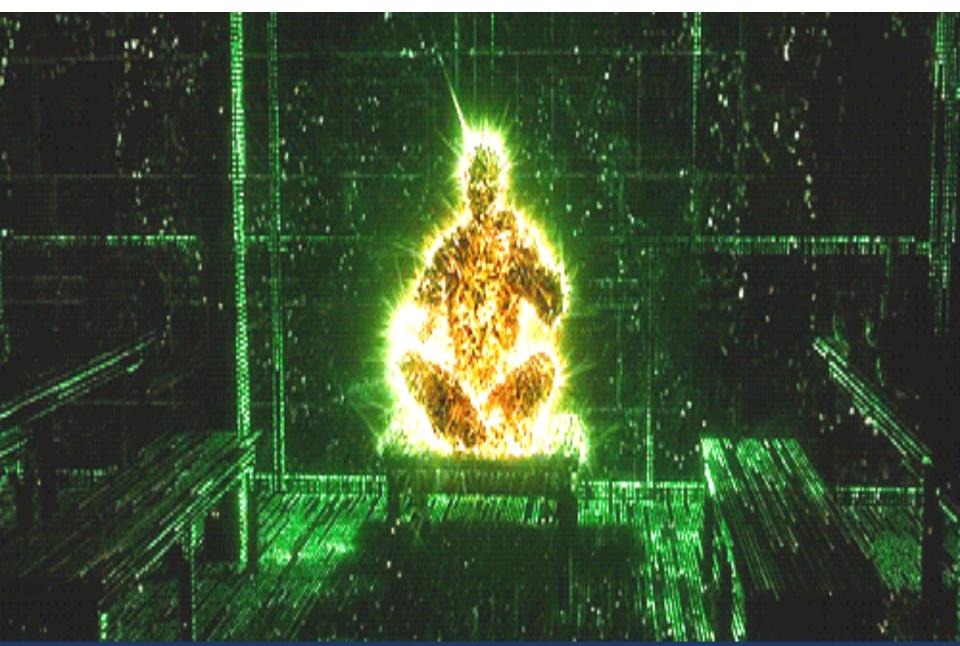


#### If You Think You Can Win the War...

You ain't seen nothing yet...



#### It's a Brave New World Out There



# It Used To Be This

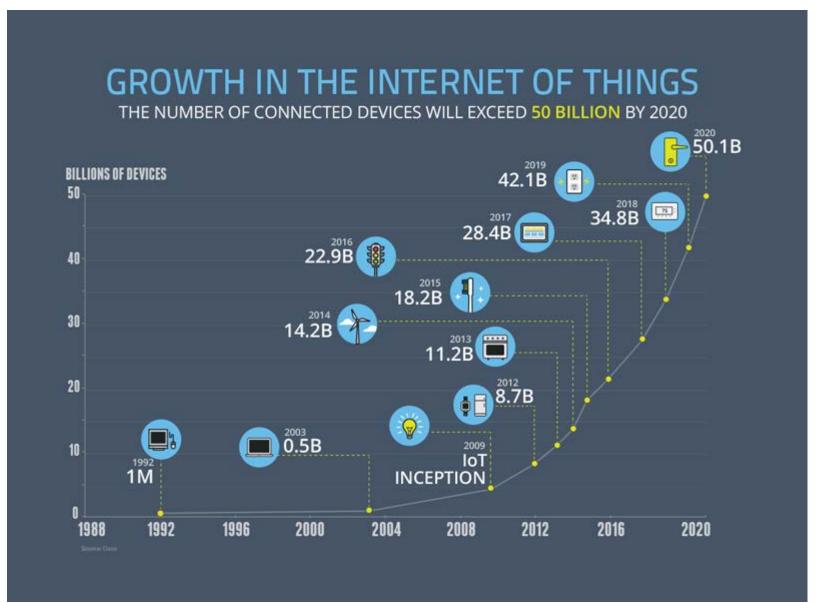




#### **But Now It Is This**



# **loEverything**





# All Together Now - \$30 TRILLION!!

	Potential Economic Impact (\$ Trillion, Annual)	
Disruptive technology	Low	High
Automation of knowledge work	\$5.2	\$6.7
Advanced Robotics	\$1.7	\$4.5
Autonomous vehicles	\$0.2	\$1.9
The Internet of Things	\$2.7	\$6.2
Mobile Internet	\$3.7	\$10.8
Total	\$13.50	\$30.10

Source: McKinsey Consulting

# BTW – This Is A Very Good Thing

 Technology has led to amazing advancements for the human race

And, in general, the world

Embracing the change is the only play

#### It Used to Be This



Drivin drunk... classsic ;) but to whoever's vehicle i hit i am sorry. :P



## **But Now It Is This (Almost...)**





### It Is Only A Matter of Time







#### >\$500MM a Year Getting Poached, TODAY

"Studies estimate that the Internet economy annually generates between \$2 trillion and \$3 trillion, a share of the global economy that is expected to grow rapidly.

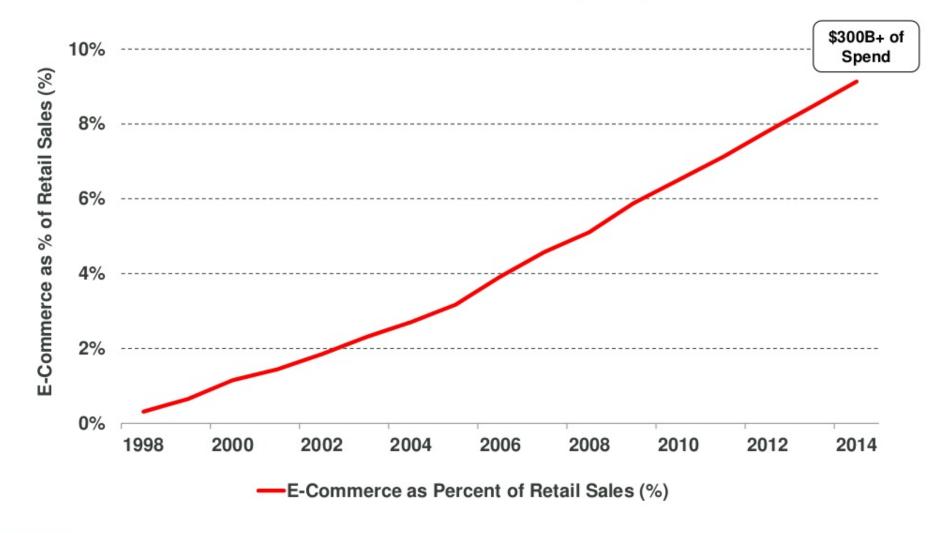
If our estimates are right, **cybercrime extracts between 15% and 20%** of the value created by the Internet."

Juniper Research predicted that losses from data breaches to **reach \$2.1 trillion globally by 2019**, increasing to almost four times the estimated cost of breaches in 2015.

Source: Center for Strategic and International Studies, June 2014, Juniper 2016

# Commerce via Internet Up Dramatically = @ 9% of Retail Sales vs. <1% in 1998

#### E-Commerce as % of Total Retail Sales, USA, 1998 – 2014



#### Physical Device, Online Purchase

BTW – online reservations > 276,000 within 72 hours



...And rumored to be over 400,000 currently

# THIS Needs To Happen:

- Simply put, there is too much at risk for Cyber Security to remain a losing proposition
  - And it will only increase over time
- Innovation, Investment is our <u>ONLY</u> way out of this mess
- Mess = >\$6 Trillion in theft

IN 60% OF CASES,
ATTACKERS ARE ABLE
TO COMPROMISE AN
ORGANIZATION
WITHIN MINUTES.

Verizon DBIR 2015

#### And That's Problematic Because...

# EVERYTHING

of value is already online in one form or another

And we better start concentrating on where the real crime is growing

# So, Where Do I Focus??

#### Main Focus Areas – Things You Can Control



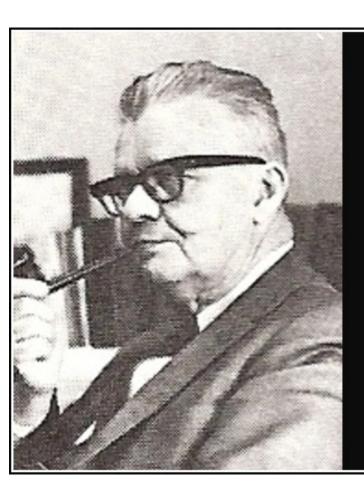




#### **Digital Intelligence**

Determine what it is, what it's doing, if I care, and what I should do about it.

# Market Trends Cyber Discovers Math Honeypots Rebooted Digital Discovery Automation Challenges Situational (un)Awareness Data Explosion Internet of Everything



The computer is here to stay, therefore it must be kept in its proper place as a tool and a slave, or we will become sorcerer's apprentices, with data data everywhere and not a thought to think.

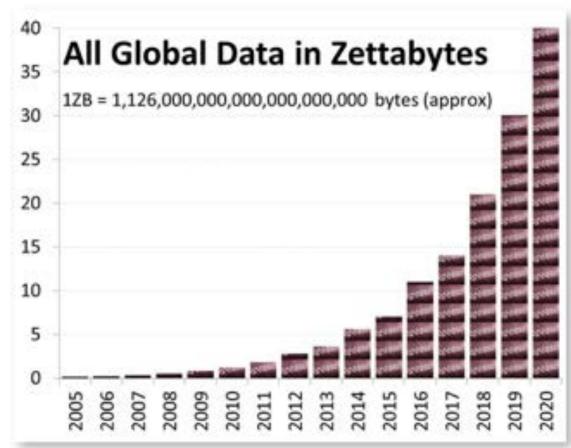
— Jesse Shera —

AZ QUOTES

# Data Deluge, But Little Real Information

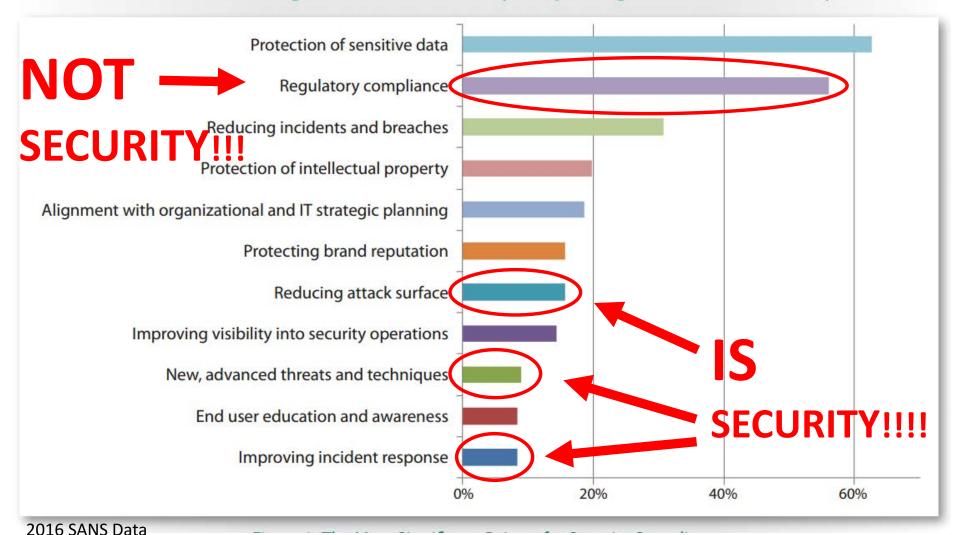
- Data is a means to an end
- Actionable information is what matters
- Define: Actionable?

- Situational (un)Awareness
- Data Explosion
- Internet of Everything



# **Actions? Mostly All The Wrong Places**

What are the most significant drivers behind your spending on information security?



# **ROA**

# Return On Assets?

- Actually:
  - Reduce Attack Surface
    - Focus on Key attack vectors
  - Outsource Everything
    - Open Source/Commoditize all else
  - Automate Wherever Possible
    - Augment automation with Intelligence



# Reduce Attack Surface

# 1. Reduce Attack Surface Area



# The Endpoint is The Perimeter

- It's where the data is accessed so focus there
- Over \$1.5BN raised by endpoint providers in the past 12 months
  - Tons of \$\$ to propel innovative approaches gives organizations a fighting chance
    - Just last month, Cylance raised \$100mm on a \$1BN Valuation
- Frenzy of investment gives buyers a competitive advantage
  - Private companies desperate for growth
  - Meanwhile, incumbents petrified of customer attrition
  - Advantage YOU!
- I'll say it again, ADVANTAGE YOU





# 2. Outsource Everything You Can

 Like a plane that is too heavy to take flight, throw everything non-essential out the door Microsoft Office 365

Box

- Yes, EVERYTHING
- Define Mission Critical it probably isn't what you think
- HR, CRM, Back Office, email, productivity suites, BI, <u>WEB BROWSER</u>, etc., etc., etc., etc.,

Google Apps

# **Automate Wherever Possible**



# 3. Automate Everything Else

 After reduced the attack surface area and outsurcing of the vast majority of apps, automation is required

- **BLOCK**, then investigate...
  - If you aren't willing to automatically block suspicious activity, you can not possibly win
  - AI/ML, Threat feeds and other drivers for sound automated
  - You (humans) can not compete so don't even try
- Insider Threat applies here too
  - Things change... and you can't keep up with everything so, again, don't try



# 3.1 Augment With Intelligence



# Don't Be The Last in the Know



# **Most Useful Application?**



Fans: 23 Yards per Play

**Coaches: 1.67 Yards per Play** 

# **Actionable Intelligence and The Wisdom Of Crowds**

- This is not new...
  - 2006: IBM's "Innovation Jam" was attended by over 140,000 international participants and generated approximately 46,000 ideas
  - 2009: The Netflix Prize which asked the crowd to come up with a recommendation algorithm more accurate than Netflix's own algorithm offering a grand prize of US\$1,000,000 (Contest winner BellKor's Pragmatic Chaos team bested Netflix's own algorithm for predicting ratings by 10.06%.)
  - 2009: DARPA balloon experiment, where DARPA placed 10 balloon markers across the United States and challenged teams to compete to be the first to report the location of all the balloons. (MIT won the event, in less than nine hours)
  - 2012: Tag Challenge, funded by the US State Department, required locating and photographing individuals in 5 cities in the US and Europe within 12 hours based only on a single photograph.

But it is not without its issues, especially as it pertains to cyber

Central Intelligence Agency [US] https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/csi-studies/vol50no4/using-prediction



THE WORK OF A NATION. THE CENTER OF INTELLIGENCE.

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"Prediction markets can

Community strategic and

tactical intelligence work "

contribute to US Intelligence

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### Using Prediction Markets to Emiance US Intelligence Capabilities

### Using Prediction Markets to Enhance US Intelligence Capabilities

A "Standard & Poors 500 Index" for Intelligence

Puong Fei Yeh

In 2001, the Defense Advanced Research Project Agency (DARPA) started experimenting with methods for applying market-based concepts to intelligence. One such project, DARPA's Future Markets Applied to Prediction (FutureMAP) program tested whether prediction markets, markets in which people bet on the likelihood of future events, could be used to improve

upon existing approaches to preparing strategic intelligence. The program was cancelled in the summer of 2003 under a barrage of congressional criticism. Senators Ron Wyden and Byron Dorgan accused the Pentagon of wasting taxpayer dollars on "terrorism betting parlors," and that "Spending millions of dollars on some kind of fantasy league terror game is absurd and, frankly, ought to make every American angry."

Americans need not have been angry about FutureMAP. It was neither a terrorism betting parlor nor a fantasy league. Rather, it was an experiment to see whether market-generated predictions could improve upon conventional approaches to forecasting. Since 1988, traders in the Iowa Electronic Markets have been betting with remarkable accuracy on the likely winner of the US presidential elections.[1] Eli Lilly, a major pharmaceutical company, found that prediction markets outdid conventional methods in forecasting outcomes of drug research and development efforts.[2] Google recently announced that it was using prediction markets to "forecast product launch dates, new office openings, and many other things of strategic importance."[3]

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CIA #Museum Artifact of the Week: **#OSS Machete** 

bit.ly/2bDKedJ

#WWII



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# Like Any Research, Controls Are Required

James Surowiecki, author of *The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations*, suggested three criteria to address gathering bias:

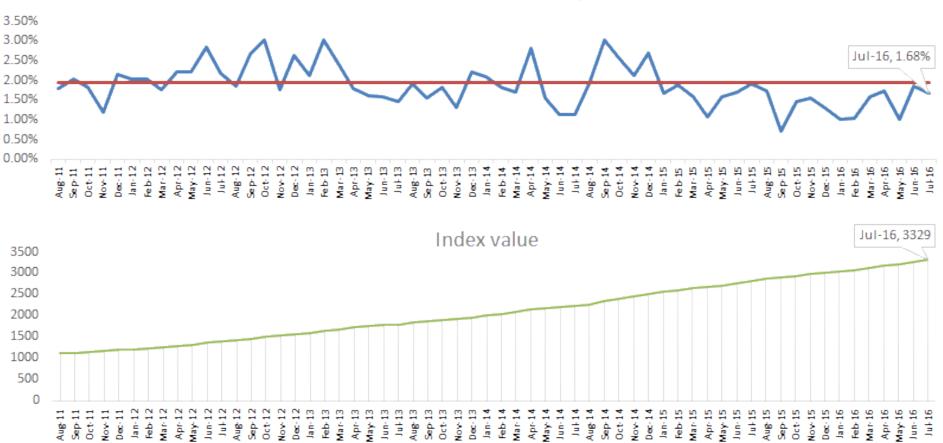
- Keep your ties loose.
- Keep yourself exposed to as many diverse sources of information as possible.
- Make groups that range across hierarchies.

For cyber, Surowiecki advocated extensions of the existing futures markets even into areas such as terrorist activity and prediction markets within companies.

# Cyber Index Brought to You By Dan Geer

Continuously compounded rate of change (month over month)

Red line describes mean since inception



Contact us for additional information

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# See the future...



# Revealing Ransomware Secrets With All-Source Analysis

Posted in Cyber Threat Intelligence by Amanda McKeon on August 10, 2016

Ransomware has become a major concern. Stay ahead of ransomware threats by using Recorded Future as part of a holistic threat intelligence capability.

Crowdsourcing is a way of solving problems and producing things by connecting online with people that you otherwise wouldn't know



# Market is **Evolving**

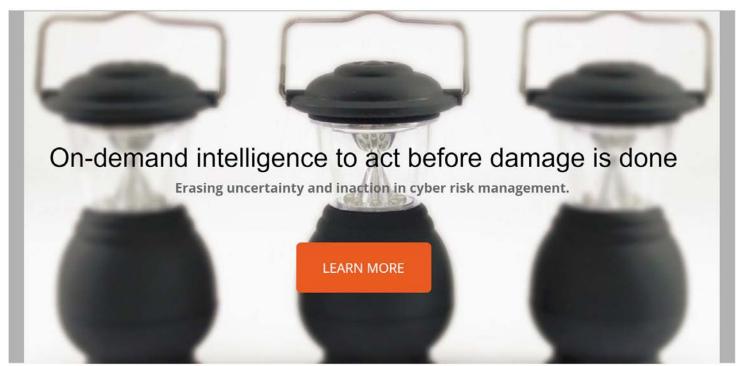
418 Intelligence is developing a gamified and monetized advanced prediction market platform for enterprises that are struggling to stay on top of the hyper-expanding job of cybersecurity to incentivize and score security analysts from inside and out in providing them accurate on-demand assessments of threat risks and trend impacts that are actionable in real time.





ABOUT

CONTACT

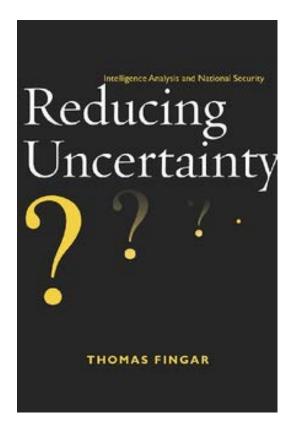




### Sources

Most of the resources listed below provide lists and/or APIs to obtain (hopefully) up-to-date information with regards to threats. Some consider these sources as threat intelligence, opinions differ however. A certain amount of (domain- or business-specific) analysis is necessary to create true threat intelligence.

AutoShun	A public service offering at most 2000 malicious IPs and some more resources.
Critical Stack Intel	The free threat intelligence parsed and aggregated by Critical Stack is ready for use in any Bro production system. You can specify which feeds you trust and want to ingest.
C1fApp	C1fApp is a threat feed aggregation application, providing a single feed, both Open Source and private. Provides statistics dashboard, open API for search and is been running for a few years now. Searches are on historical data.
Cymon	Cymon is an aggregator of indicators from multiple sources with history, so you have a single interface to multiple threat feeds. It also provides an API to search a database along with a pretty web interface.
Deepviz Threat Intel	Deepviz offers a sandbox for analyzing malware and has an API available with threat intelligence harvested from the sandbox.
Emerging Threats Firewall Rules	A collection of rules for several types of firewalls, including iptables, PF and PIX.
Emerging Threats IDS Rules	A collection of Snort and Suricata <i>rules</i> files that can be used for alerting or blocking.
FireHOL IP Lists	A firewall blacklist composed from IP lists, providing maximum protection with minimum false positives. Suitable for basic protection on all internet facing servers, routers and firewalls.
Hail a TAXII	Hail a TAXII.com is a repository of Open Source Cyber Threat Intelligence feeds in STIX format. They offer several feeds, including some that are listed here already in a different format, like the Emerging Threats rules and PhishTank feeds.
I-Blocklist	I-Blocklist maintains several types of lists containing IP addresses belonging to various categories. Some of these main categories include countries, ISPs and organizations. Other lists include web attacks, TOR, spyware and proxies. Many are free to use, and available in various formats.
Malware Domains.com	The DNS-BH project creates and maintains a listing of domains that are known to be used to propagate malware and spyware. These can be used for detection as well as prevention (sinkholing DNS requests).
OpenPhish Feeds	OpenPhish receives URLs from multiple streams and analyzes them using its proprietary phishing detection algorithms. There are free and commercial offerings available.
PhishTank	PhishTank delivers a list of suspected phishing URLs. Their data comes from human reports, but they also ingest external feeds where possible. It's a free service, but registering for an API key

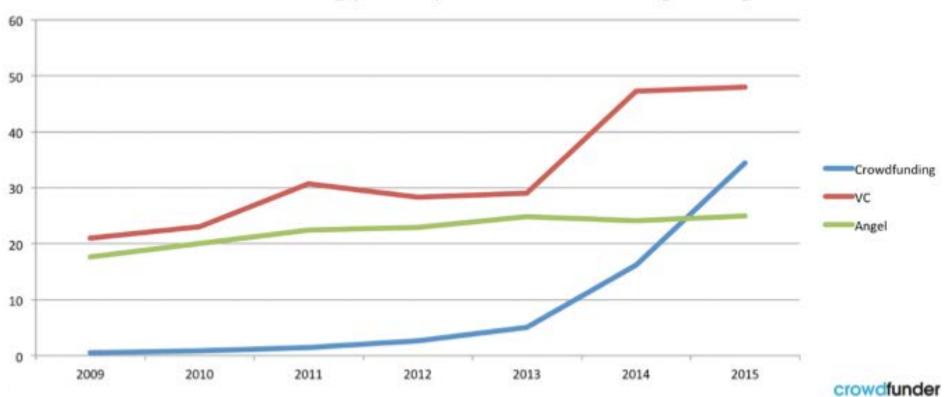


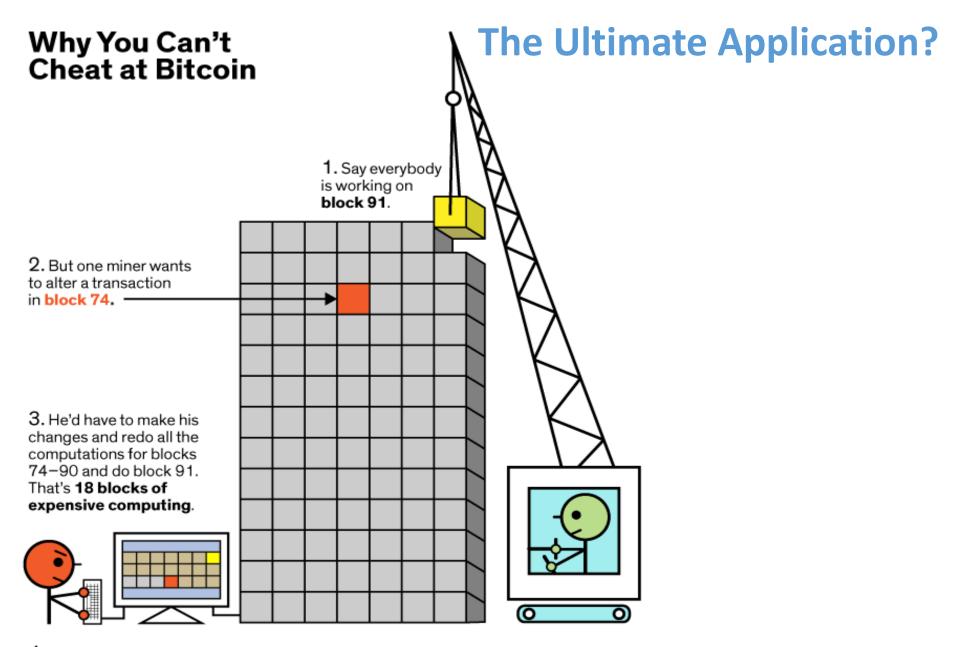


## Will Equity Crowdfunding Overtake Angel and VC?

The World Bank estimated that crowdfunding would reach \$90 billion by 2020. If the trend of doubling year over year continues, we'll see \$90 billion by 2017.

Annual Funding (Billions): VC vs. Crowdfunding vs. Angel





4. What's worse, he'd have to do it all **before** everybody else in the Bitcoin network finished **just the one block (number 91)** that they're working on.

# **Incorporate Intelligence Into Overall Strategy**

• It is one piece of the solution that directly enhances other elements

Thus, the other parts are critical

Maximize EVERY \$\$\$

- Reduce Attack Surface starting with web browser
- Outsource/Open
   Source/Open Stack Back
   Office, CRM, Productivity,
   Storage (Archives at a minimum), etc.
- Automate Wherever
   Possible/Practical &
   Augment Everything Else





# What's Your Idea??

# pkuper@iqt.org

