

# The Web: Chinese economy facing IT threats

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China's economy continues its incredible growth -- at an annual rate of 27.2 percent -- but the IT infrastructure at all the new offices, research parks and other projects isn't keeping pace and is increasingly imperiled by hackers and other Internet predators, experts tell UPI's The Web.

The IT problems -- hackers, viruses, worms, malware -- are so severe in China that entire enterprises are at risk, and doing e-business with companies with such shoddy Internet security could pose a threat to U.S. companies.

"I just returned two weeks ago from a trip to Beijing where I was speaking with Chinese small-business owners about technology security issues," Donna Childs, co-author of "Contingency Planning and Disaster Recovery, A Small Business Guide" (John Wiley & Sons), told The Web. "The Chinese responded very strongly -- and they were particularly interested in employee training to reduce human error, such as mistakenly forgetting to download a security patch, or violating a network security protocol, and quality control."

Childs said the Chinese business owners are now realizing that "technology security is the responsibility of every employee." Management seemed to be "particularly interested in employee training, particularly for smaller enterprises."

According to China's National Bureau of Statistics, investment in construction, factories and other fixed assets rose at an annual rate of 27.2 percent in October. That's double the rate China had predicted, and

the government is trying to get banks to reduce the amount of money that they lend. Fixed asset spending there rose 27.6 percent during the first 10 months of this year to \$689 billion. But spending on IT hasn't kept pace.

China itself is where many IT problems ferment, according to research by VeriSign, the IT security company. There are a number of hacker groups and malware-related sites in China, and computer networks at new, unsecured companies there are used as "platforms" for hacking attacks all around the world.

A recent survey by Accenture Global Information Security, with InformationWeek Magazine, the trade journal, indicated that 79 percent of Chinese companies reported that within the last year they have been victimized by viruses, compared to 67 percent of U.S. firms. What's more, 70 percent of Chinese firms reported being harmed by computer worms, while only 49 percent of U.S. companies were hurt by that kind of computer code. Another interesting fact: 28 percent of Chinese companies were harmed by denial-of-service attacks, while 20 percent of U.S. companies suffered through the same problems. The survey was of 2,540 U.S. and 700 Chinese business technology professionals.

American partners of Chinese companies are trying to help solve the problems. PTC, a product development company based in Needham, Mass., is consulting with Chinese and U.S. companies to help them set up partnerships with Web-based collaboration software so they can continue global product development over the Internet.

Other firms continue their investment -- apace -- in China. A few months ago Yahoo! Inc. invested \$1 billion in return for a 40-percent stake in Alibaba.com, an e-commerce company.

The consumer Web portal last week announced a new strategy based on

promoting the site as a search engine, positioning itself as a counterpart to the Chinese-language search firm Baidu.com. No major problems have been reported for the service.

Other U.S. and Chinese companies are preparing their IT, well in advance of the upcoming Olympics in Beijing, working with security firms like Vance International to ensure IT security.

Childs, who in addition to being an author is also founder of Childs Capital, located in the financial district in New York City, said she recommends that businesses in China create plans to deal with "high severity" events, akin to disaster preparedness plans, to deal with possible future computer problems.

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