

US spying revelations bring German encryption boom (Update)

August 7 2014, by Martha Mendoza



In this photo taken Wednesday, July 30, 2014, Silicon Valley pioneer and Silent Circle co-founder Jon Callas holds up Blackphone with encryption apps displayed on it at the Computer History Museum in Mountain View, Calif. Revelations about the NSA's electronic eavesdropping capabilities, with targets reported to include Chancellor Angela Merkel, have sparked anger in Germany, and a boom in encryption services that make it hard for the most sophisticated spies to read emails, listen to calls or comb through texts. "Snowden's leaks were a real boon for us," said Callas, whose company sells an encryption app which allows users to talk and text in private. (AP Photo/Eric Risberg)

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Jon Callas, co-founder of Silent Circle, which sells an encryption app allowing users to talk and text in private, said a series of disclosures from former intelligence contractor Edward Snowden last year have been good for business.

Silent Circle is one of several online security companies cashing in on new security-conscious customers around the world who want to shield their communications from foreign governments—and nowhere is the market hotter than in Germany, whose chancellor, Angela Merkel, was reported to be a target.

"Germans have always been particularly attuned to security and privacy concerns," Callas said. "I think that culturally, Germany has seen privacy problems in their recent past. There are people who remember the communists. There is still a cultural sore spot over security and privacy, an understanding of what can go wrong better than any other place in the world."

The companies' customers range from diplomats and journalists to privacy advocates and people trying to protect trade secrets.

Although Silent Circle doesn't provide specific numbers, Callas said it saw a "huge increase" in subscriptions to its private phone and text service after Snowden's disclosures and a spike in Germany after two reported cases of suspected U.S. spying there this year.

And while the technology has Silicon Valley roots, the servers are in Canada and Switzerland, two countries with strong privacy protections.

Two weeks ago, Silent Circle also began selling a secure smartphone, whose first run sold out, Callas said.



In this photo taken Wednesday, July 30, 2014, Silicon Valley pioneer and Silent Circle co-founder Jon Callas answers questions while standing by a mobile phone display at the Computer History Museum in Mountain View, Calif. Revelations about the NSA's electronic eavesdropping capabilities, with targets reported to include Chancellor Angela Merkel, have sparked anger in Germany, and a boom in encryption services that make it hard for the most sophisticated spies to read emails, listen to calls or comb through texts. "Snowden's leaks were a real boon for us," said Callas, whose company sells an encryption app which allows users to talk and text in private. (AP Photo/Eric Risberg)

At CeBIT, a leading tech industry event held annually in the German city of Hannover, Deutsche Telekom was among several companies to launch new security products after Snowden's revelations.

"I want to send a personal thanks to the NSA, because we wouldn't be having this discussing if that hadn't happened," Reinhard Clemens, a Deutsche Telekom board member, told reporters. "That was the best marketing campaign we've ever had."

The company, known for its T-Mobile brand in the United States, sells a smartphone app that encrypts voice and data traffic. It was developed with Berlin-based firm GSMK, an offshoot of the German hacking group Chaos Computer Club.

Customers seeking an all-in-one solution can buy GSMK's \$2,750 secure cellphone that will protect confidential communications from all but the most dedicated eavesdroppers.

Chief Executive Bjoern Rupp said his company has seen a surge of interest in its encryption technology since details of the NSA's surveillance capabilities leaked last year.

"Snowden is transforming the industry," Rupp told The Associated Press. "There is a completely new consciousness about security."

Since launching in 2003, the company has sold about 100,000 secure devices, but the number of apps sold in the past year is "in another dimension," said Rupp, without revealing a precise figure.



In this photo taken Wednesday, July 30, 2014, Silicon Valley pioneer and Silent Circle co-founder Jon Callas demonstrates a security app on his phone while standing by a mobile phone display at the Computer History Museum in Mountain View, Calif. Revelations about the NSA's electronic eavesdropping capabilities, with targets reported to include Chancellor Angela Merkel, have sparked anger in Germany, and a boom in encryption services that make it hard for the most sophisticated spies to read emails, listen to calls or comb through texts. "Snowden's leaks were a real boon for us," said Callas, whose company sells an encryption app which allows users to talk and text in private. (AP Photo/Eric Risberg)

British rival Vodafone, meanwhile, launched its own "Secure Call" app at the CeBIT fair with the claim it would allow users to make "calls that are as secure as those of the German government."

Merkel herself used to be photographed with a Nokia slider phone. Since

reports surfaced that the NSA had listed her among its foreign intelligence targets, the chancellor has avoided being seen with low-end devices. Her new gadget, as widely reported, is a top-range BlackBerry outfitted with a custom-made security suite made by German company Secusmart—endorsed for sensitive communications by Germany's Federal Office for Information Security.

Apparently seizing on the opportunity, BlackBerry recently announced it was buying Secusmart.

Ravishankar Borgaonkar, who works with Telekom Innovation Laboratories and FG Security in Berlin, uses an app on his Samsung smartphone that detects how secure each call is with red and green buttons.

For those who don't want to take any chances, the revelations have also sparked a retro trend. The country's business weekly *Wirtschaftswoche* recently reported typewriter sales rising for the first time in years.

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