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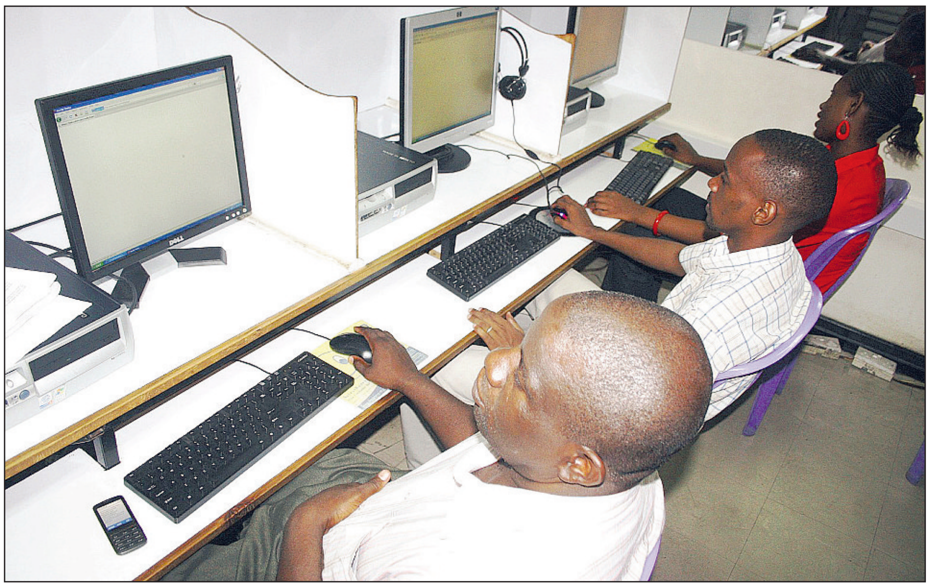
Piracy likely to push up cyber crime – survey



CONCERN: Internet users at a cyber café. There is increased use of pirated software.

BY RICHARD MUNGAI

KENYAN businesses will incur losses amounting to at least $1.63 billion (Sh141.68 billion) in 2014 due to cyber crime, a new study by the International Data Center shows.

The study established that employees will fuel losses as they install their own pirated software to work computers without the knowledge of the employer.

"In this survey 27 per cent of respondents said they bring their own software to work," the study said.

Based on the number of programs they installed, IDC estimates that nearly 20 per cent of pirated software in enterprises is put there by employees."

The figures showed that many consumers biggest fears is associated with loss of personal data and unauthorised access to their computers adding that 60 per cent will encounter the latter and 51 per cent the former during the year.

According to year 2011 data by the IDC, software piracy rate in the country stood at 78 per cent, which marked the highest penetration of cyber crime in East Africa.

Kenya Copywrite Board director Marisella Ouma said it is vital to highlight risks in using pirated software in order to protect personal and business information from theft by hackers.

"The law has set exclusive rights for rights holders and penalties for those who infringe on copyright and related rights," she said.

Globally, the IDC study said 43 per cent of employees do not routinely install security updates on their computers and they will waste 1.2 billion hours in 2014 dealing with security issues created by malware.

"Enterprises will spend $491 billion (Sh42.47 trillion) in 2014 because of malware associated with pirated software, which breaks out to $127 billion (Sh10.98 trillion) in dealing with security issues and $364 billion (Sh31.48 trillion) dealing with data breaches."

The think tank said governments are wary of the looming cyber threats and the biggest fears are loss of business trade secrets or confidential data, unwanted access to government information, and attacks on critical communication infrastructure.

Weetabix investment to double

BY BRENDA OMONDI

CEREAL manufacturer Weetabix East Africa plans to double its investment in the region to Sh200 million this year.

Speaking during a media tour at the Weetabix plant in Nairobi, managing director Ahsan Manji said the demand of cereals has increased tremendously to 8.5 million kilograms this year from 1.5m kilograms last year.

He said they have an 81 per cent control of the Kenyan market with a 99 per cent spontaneous recall rate on brand awareness.

"Our company has kept pace with our competitors making us the forth largest cereal manufacturers globally and this will motivate us to employ more workers from the current 150 to produce more cereals so that we can reach our target which is to produce more than 10 tonnes of cereals than usual," he said.

Head of marketing at Weetabix East Africa Catherine Mundachi said they have already identified three commercial farmers in Narok and are scouting for small scale farmers to cut down on wheat importation.

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ALY KHAN'S STAR PORTFOLIO

MIXED PERFORMANCE CONTINUES TO BE WITNESSED IN AFRICA'S MARKETS

Africa is certainly the least linear of continents. Interestingly, the two year 'bull market' in Africa that we witnessed in 2012 and 2013, was broad based. Shares rallied from Johannesburg to Nairobi, from Accra to Lagos. And the reason for this was that international investors were the precipitators of that rally and their overarching aim was to raise their allocation, to get some skin in the game. This proved a rising tide and floated a lot of boats.

This year there has been a great deal more differentiation, more nuance. Egypt is the stand-out in 2014 with the benchmark EGX30 at a more than five-year high plus a blistering 25.29 per cent so far. Egyptian markets had become very oversold and Saudi and GCC support [ex Qatar] for Egypt has evidently tipped the scales. Ghana has posted a +11.4 per cent return in 2014 but nearly all of that has been eroded by the Cedi [Ghana Currency] in free fall. Ghana's Eurobond has a 9 per cent handle and sentiment has soured so much, it is entirely feasible that Ghana might print a double digit yield. Ghana is a near perfect harbinger of what can go wrong when you front load your recurrent expenditure in the expectation that revenues are a rising tide. The open question is whether, Ghana is in the cockpit or whether the markets will simply elbow the Government aside.

The Zambia Kwacha is the worse performing currency versus the dollar so far in Africa in 2014 and had retreated 13 per cent through Friday morning. The Kwacha [70 per cent of Zambia's revenues are received from copper] had moved in near perfect lockstep with copper which had retreated by nearly the exact same amount in 2014 i.e 13 per cent. The Zambian authorities took some dramatic steps on Friday and scrapped two laws restricting foreign-exchange trade, triggering the kwacha's biggest gain against the dollar in 15 months. Both the Ghana and the Zambia debacles are informing us that the markets once so benign are now baring their fangs and how easy it is for policy makers to lose control to the markets. Ghana and Zambia are a shot across a lot of African bows. The drip drip of [bad] news out of Nigeria has seen the stock market there retreat just under 8 per cent this year and the all share is at five month lows. The president might have won the political battle with the Central Banker but the markets are entirely dissuaded of the president's position.

The bright spot in the Africa currency complex is the Somali shilling. The Somali shilling has appreciated against the US dollar by just under 60 per cent since March last year, becoming the strongest among global 175 currencies tracked by Bloomberg. Its surge has been so pronounced that the second most robust currency over the same period – the Icelandic Krona – could only manage a 10.2 per cent rise. That is quite an extraordinary outcome.

Turning closer to home, the Kenya shilling has confounded [some] expectations and remained stable at the 86.50 versus the dollar. The shilling has been confounding expectations for a while now and let me explain why. Firstly, I think inward remittances [the monetisation of Kenyan human capital] are being undercounted big time. Fuel prices which represent the biggest risk to the shilling remain within tolerance levels. In fact as long as crude oil prices do not spike [and i expect prices to erode through 2014 on increased Iran and Iraq supply], I expect the shilling to remain well behaved and in a tight range. The Eurobond has been imminent for about six months now, however.

We have now had an opportunity to sight most company earnings. The all share is +6.25 per cent so far in 2014 and just 0.07 of a point off a record set on January 24th this year. Safaricom closed at a life time high Friday Of 12.60 and is +16.129 per cent in 2014 following on a triple digit percentage gain in 2013. Safaricom's market capitalisation is a record 504.561b and $5.833b. I look for 13.50 ahead of the full year earnings release. Safaricom remains the Nairobi Securities Exchange's bellwether stock. Co-op Bank set an all time high last week after releasing its FY Earnings and announcing a one for six held bonus issue. There is a bonus euphoria at the moment with bonus announcement typically proving a catalyst for a 5 per cent-10 per cent rally. Kenya Airways [which is set to receive its 1st @Boeing Dreamliner in April and is launching Jambo Jet] has rallied +14.41 per cent over the last eight trading sessions and has further to go. Investors can evidently see the earnings inflexion point.

Shares go up and down and readers are advised that this column represents Mr Satchu's personal opinions.